

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL BUSINESS

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Cyprus...
Rises in Gilts; Equities quiet

Government guidance
The Government is almost emancipated from International Monetary Fund...
Room for more tax cuts after new pledge to IMF

Pay rise angers State industry chairmen
NATIONALISED industry chairmen reacted angrily last night...
Bundesbank acts to stop cash inflow

Bank of Japan intervenes
THE BANK of Japan resumed intervention in the exchange market today to stem a renewed speculative movement out of the dollar into the yen.

Carter's hope for peace moves in Middle East
PRESIDENT CARTER expressed his preference to wait a while before becoming involved and Egypt and Israel would be able to make a "major step towards a comprehensive peace" in the latter an obvious reference to the current exchanges.

Wilson makes interim report
SIR HAROLD WILSON said there was a respectable argument for more investment overseas. He was introducing the progress report of his committee on financial institutions.

Match riot
A match riot broke out between the Pakistan and Bangladesh national cricket teams in Lahore yesterday.

Miners' strike
The miners' strike in Yorkshire, Kent and South Wales is continuing to pursue its course.

Companies
DISTILLERS had turnover of £400.8m in the six months to September 30 (£376.1m). Pre-tax profit was £74.3m. (£53.2m).
WILKINSON Match had pre-tax profit up 19.7 per cent to £7.22m in the six months to September 30. Page 26
MARLEY pre-tax profit fell from £17.61m to £13.36m in the year to October 31. Page 25

Room for more tax cuts after new pledge to IMF

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government is almost emancipated from International Monetary Fund guidance. A Letter of Intent published yesterday does not contain additional policy commitments and will allow sizeable tax cuts in the spring Budget.

The letter, signed by Mr. Denis Healey, Chancellor, was prepared after talks in London last month between the Treasury and the IMF. It appeared on the anniversary of the original letter in December 1976.

The discussions with the Fund were described as relaxed after financial and external payments position in the last year. The result is that the existing policy guidelines have been largely retained and the major decisions on the U.K.'s relationship with the Fund have been deferred until spring.

Decisions have not been taken on the early repayment of some of the U.K.'s outstanding drawings from the Fund. But this is not officially ruled out and is widely seen as likely to be announced early in the first half of next year.

Mr. Healey expects the public sector borrowing requirement for 1978-79 not to exceed the figure of £8.6bn, referred to in last December's letter.

This indicates substantial headroom for income tax cuts. The most recent projection of the borrowing requirement in 1978-79, £11.46bn, while some of the earlier shortfalls may be made up from now on, there should still be sufficient leeway.

Mr. Healey says he will "take account of these considerations in deciding whether the proposals...

Pay rise angers State industry chairmen

By John Elliott, Industrial Editor

NATIONALISED industry chairmen reacted angrily last night when, without warning, the Prime Minister announced that they would receive pay rises of up to about £1,500 a year, adding only 5 per cent to their salaries.

Lower-paid nationalised industry Board members are to receive up to 10 per cent if they now earn £13,000 or less. But neither the chairmen nor the Government know whether the Government considers that this is their full entitlement under Phase Three of the pay policy or whether they will receive more next spring.

The problem for the chairmen and their Board members is that they have not had a substantial pay increase since 1972 and that official proposals for rises of up to £16,900 a year—outfitting the highest-paid chairman on £40,000—which were made in 1974, have not been implemented.

As a result, senior executives sometimes earn £4,000 more than Board members.

The chairman first heard that their pay was to be dealt with before the end of the year in a message from the Government yesterday afternoon. This was three hours before Mr. Callaghan announced the rises, which he and his colleagues are said to believe will help them show that at least one group in the country is prepared to settle for less than 10 per cent.

Some Ministers think that their pay was to be dealt with before the end of the year in a message from the Government yesterday afternoon. This was three hours before Mr. Callaghan announced the rises, which he and his colleagues are said to believe will help them show that at least one group in the country is prepared to settle for less than 10 per cent.

Bundesbank acts to stop cash inflow

BY ADRIAN DICKS FRANKFURT, Dec. 15.

WEST GERMANY, following up its urgent private and public warnings to the U.S. Administration in the past two weeks, took firm action today to protect its domestic economy from the consequences of the dollar's sharp fall against the D-mark.

At the end of discussions here involving Herr Hans Apel, the Minister of Finance, and Count Otto Lambstorff, Minister of Economic Affairs, the Bundesbank lowered West Germany's discount rate by 1 per cent, from 34 in 3 per cent, and Lombard rate by the same amount, from 4 in 31 per cent, as a further element in its strategy to discourage unwanted speculative purchases of the D-mark.

It is widely recognised here, however, that interest rate considerations have played a relatively small part in the recent run into stronger currencies.

Finally, the Bundesbank has announced that permission no longer will be granted to non-residents to buy domestic securities with a life span of two to four years. There is no change in regulations on shorter or longer-term maturities. The move is clearly aimed at preventing foreign funds from finding their way into the domestic West German bond market.

Dr. Olmar Emminger, the Bundesbank's president, estimated that the average level of foreign investments against their average level during the period September 16 to December 15, will have to be matched exactly by a similar amount placed by the banks with the Central Bank.

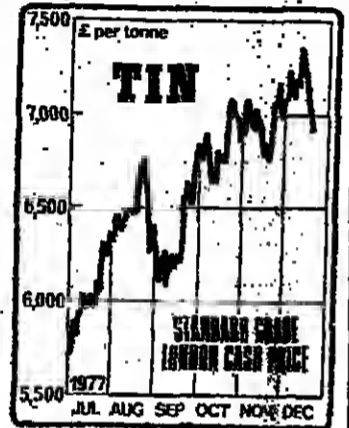
Further, these deposits will have to be raised to 100 per cent for any increase after January 1 above the average level of obligations to foreign customers during September 16 to December 15 this year.

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TIN prices from July to December 1977. The price starts at approximately 6,000 in July and rises to about 7,000 by December.

Carter's hope for peace moves in Middle East

WASHINGTON, Dec. 15.

PRESIDENT CARTER expressed his preference to wait a while before becoming involved and Egypt and Israel would be able to make a "major step towards a comprehensive peace" in the latter an obvious reference to the current exchanges.

Mr. Carter reiterated his criticisms of the PLO when he met, for the first time, a delegation of Arab Americans who argued that the PLO had to take part in peace talks.

Mr. Carter characterised the U.S. role and his own personally as being that of the "honest intermediary." Certainly the administration officials generally welcome the visible evidence of the President playing a central part in the Middle Eastern negotiations.

The feeling that Mr. Begin may have an offer in his pocket was bolstered today by reports coming in from the entourage of Mr. Cyrus Vance, the U.S. Secretary of State, who is on his way back to the US from a tour of the Middle East, that Israel was on the brink of making specific territorial concessions.

The Israeli correspondent of NBC, the U.S. TV network, reported to-night that the Begin plan envisages Israelis and Arabs living together on the West Bank under Arab administration.

Mr. Begin will stop in London on his way home from Washington early next week and will meet Mr. Callaghan, the Prime Minister.

Bid to boost big export deals

BY MARGARET HUGHES AND LORNE BARLING

A LONG-AWAITED scheme to provide greater incentive and security for British companies bidding for £50m-plus export contracts was announced in the Commons yesterday by Mr. Edmund Dell, the Trade Secretary.

Mr. Dell also outlined new arrangements for the starting financing of export credits. These aim at reducing the burden on public expenditure.

The clearing banks are to take a "substantially higher proportion of export financing on their books. At the same time sterling export credit business is to be opened up to all authorised banks—including foreign ones—incorporated in the U.K.

That move is likely to get a hostile reception from the U.K. accepting houses, which traditionally have managed 80 to 70 per cent of U.K. buyer credit business for capital goods exports.

The new arrangements, effective from April 1 next year, are expected to produce savings of between £200m, and £300m, in 1978-79 as a result of a reduction in refinancing.

Refinancing—Government reimbursement of a proportion of loans by banks—has become a considerable drain on public funds: £506m last year.

Because the clearing banks' current commitments under the existing scheme will take several years in run off, an interim arrangement has been agreed. The

PRICE CHANGES YESTERDAY

Share unless otherwise indicated

FT 100	77.20	+ 0.10
FT 1000	1292	+ 10
FT 10000	1075	+ 5
FT 100000	108	+ 5
FT 1000000	144	+ 3
FT 10000000	31	+ 4
FT 100000000	305	+ 4
FT 1000000000	56	+ 6

Lon. Merchant Secs	79	+ 6
Lon. United Inv.	141	+ 4
Manulian-Glenlivet	285	+ 15
Al-Bridge (Rohlt)	310	+ 10
Vaux Breweries	365	+ 13
Eno-Burton	74	+ 4
Selection Trust	397	+ 7

BSR	97	- 3
Tube Inv.	344	- 6
Wilkinson Match	188	- 6
South African Ind.	86	- 3
Union Carb	290	- 6

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LOMBARD

Yardstick for regional aid

BY ANTHONY MORETON

IF THERE is something that this Government sets particular store by it is its regional policy.

Regional policy is by no means the child of Labour. Its antecedents go back to the 'twenties and 'thirties.

Much ill-will

The one incentive which did more than any other to stimulate jobs was Mr. Jim Northcott's 'pointed out in a recent FEI booklet'.

Given the amount of intellectual manpower displayed into this area it is all the more surprising that successive policies—development areas, industrial development certificates, industry Acts, regional employment premium, selective financial assistance—should have had little more than a marginal effect in creating jobs.

The official answer is that the aim of regional policy is to attract investment, in the knowledge that this will create work.

cial ones, have done more for the latter than the former. This may please the official mind but it is hardly likely to be so attractive to the politicians.

The trouble with so many of the other incentives is that they are too general in their impact. Take the regional development grants, introduced in 1972 as a replacement for depreciation allowances.

Mr. Northcott suggests that a ceiling in terms of cost per job, should be set. Once the ceiling has been reached then grants would be paid only if it could be demonstrated that exceptional returns would be obtained.

Small firms Last year, over £500m. was spent on inducements for firms to move to development areas and REP accounted for about a third of this.

AROUND BRITAIN

Unroyal Windsor

BY JOHN GRIFFITHS

LIFT THE thick carpet of tourists covering it for much of the year and Windsor is revealed as a modest Thames-side town harbouring, in the shadow of its castle walls, a mere 30,000 inhabitants.

Its shops, the 150,000 sq. ft. of offices which lie mostly behind elegant and compulsorily-preserved facades, the castle and the large Victoria Barracks provide the bulk of jobs.

Physically constrained by the river to the north, the castle to the east and Crown lands to the south, Windsor has had few opportunities for growth.

The small bulge of development which has managed to escape westwards from such a tight corset is mainly residential and even here appears to have run up against the last notch of the Green Belt.

All of this, for environmental reasons, is fine by most Windsorians, and the town now exports nearly half its labour force to other areas, notably the nearby industrial town of Slough.

That popular Scottish-based trader Ken Oliver, whose Hawick string had a particularly lean time last season, winning just 20 races compared to its usual total of about 50, could be the man to follow at Sedgemoor.

Residents increasingly impatient of Windsor's crowded, inadequate car parks and its lack of anything even resembling a full-scale supermarket.

But all that is now being changed by two developments flanking the main Windsor shopping thoroughfare, Peascod Street.

Prudential Assurance, in conjunction with the Royal Borough of Windsor and Maidenhead, is developing a 44-acre site which will provide parking for 950 cars, 40 shops including a large supermarket, two recreation halls, 26 flats and 30,000 square feet of office space.

Supermarket

On the other side of the street, and overlooking the Victoria Barracks, a local developer, Brandrose, is putting up a multi-story car park for 200 cars, a 35,000 square foot supermarket, 10,000 square feet of office space, a petrol station and a theatre club—all on the one-acre site of a former garage.

The projects are not large when set against the very extensive building programmes of other major towns of East Berkshire: Slough, Maidenhead and the Bracknell New Town.

Although that Hexham race, the Prieststoppole Chase was a two-horse affair, there is little doubt that Cromwell Road's performance was no hollow victory.

In the belief that there is still plenty of improvement in him, I take Cromwell Road to win here—probably at the chief expense of Nice Palm—before going on to better things.

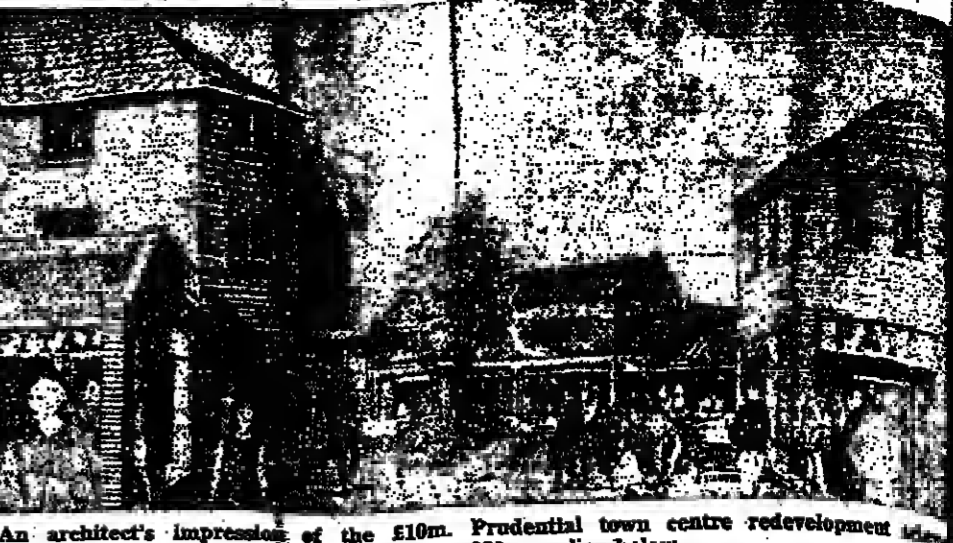
ling of the struggle against a tourist influx estimated at 34m. in an average season and nearly double that during this Silver Jubilee year.

The key scheme is the £10m. Prudential project. The Pru has a 125-year lease on the land, which the local authority had acquired over a number of years and most of which for some time had been used for car parking.

The development that replaces them will hide its utility services underground. Tourists and shoppers will walk down from the Castle and turn into a pedestrian-only complex of small, one- and two-story buildings with pitched roofs on much the same scale as their far older counterparts clustered under the castle walls.

Beneath their feet will be the car park and the servicing facilities for the 30,000 square feet Waitrose supermarket and other shops. Only from a perimeter road close to the Thames will the multi-storied truth be revealed, and even there a tree-escaping operation is destined to do a cover-up job.

The decision to go ahead with the larger scheme was virtually the last action of the old district council before it disappeared in



An architect's impression of the £10m. Prudential town centre redevelopment scheme. Parking for 950 cars lies below.

local government reorganisation four years ago.

And unlike some other modern town centre redevelopments, its progress into bricks and mortar has been a harrowing one. The council invited three developers—Prudential, Norwich Union and Capital and Counties—to submit schemes for the site, then put the lot on display in the historic Guildhall for public appraisal.

The smaller development, although of more modern design, was also devised under the severe architectural constraints now imposed on the building in the town.

Developers are warned that they must not present a visual equiva-verse as part of a monument which restored the town's ancient parish church.

Together, the two developments are expected to go a long way towards restoring an equilibrium in facilities for tourists and residents alike, without at the same time noticeably damaging the town's historic character.

It is a character which has been jealously guarded, not least by the Windsor and Eton Society, which saw a leap in membership to 700 during the period of debate on the redevelopment proposals and which in one notable battle at least has shown the sharpness of its teeth.

Oliver's double chance

THAT POPULAR Scottish-based trader Ken Oliver, whose Hawick string had a particularly lean time last season, winning just 20 races compared to its usual total of about 50, could be the man to follow at Sedgemoor.

The Northamptonshire trainer relies on those talented chasers

appears to be going from strength to strength.

Third, when an uneasy second favourite in a race won by yesterday's Carlisle winner, the Last Light, on that same course early last month, Cromwell Road then separated Stag Party and Winter Chimes (agrad at Carlisle) fortnightly before toying with Rozinante at Hexham.

In the belief that there is still plenty of improvement in him, I take Cromwell Road to win here—probably at the chief expense of Nice Palm—before going on to better things.

tremely tough and consistent performer in the 1975-76 season, but on a pleasing performance on his reappearance at the last meeting here after a long lay-off.

Any improvement on that display should see Fiddler on the Roof, the last in Cromwell Road, by Ron Barry, getting the better of his 10 opponents, best of whom may well be Silkstone.

DEVON AND EXETER 11.30—Peahill Cottage 12.00—Winged Typhoon 12.30—Calculator 1.00—King of Swing 1.30—Orlito 2.00—Kastrup 2.30—Sunhammer*** 3.00—Silage 3.30—Beluga Bay SEDGEMOOR 1.15—Montreal Boy 1.45—Cromwell Road 2.15—Fiddler on the Roof

RACING

BY DOMINIC WIGAN

Cromwell Road and Fiddler on the Roof. First to run is that progressive seven-year-old Cromwell Road, who is among the four runners for the Brandon Chase.

RACING

BY DOMINIC WIGAN

1.15—Montreal Boy 1.45—Cromwell Road 2.15—Fiddler on the Roof

Record £255,000 for an ivory

AN early 8th-century ivory of art totalled £610,518. A Prince of Wales, failed to plaque, which formed the cover of a manuscript, sold for £255,000 (plus the 10 per cent buyer's premium) at Sotheby's, London, yesterday, easily an auction record for a medieval work of art.

The plaque, 7 1/2 inches high and 3 1/2 inches wide, was probably produced at Charlemagne's palace in Aachen, or at one of the monasteries the Emperor patronised.

The plaque, whose existence was unknown until its woman vendor put it up for auction, is regarded as one of the finest Carolingian ivories in existence. It portrays St. John holding open his Gospel to show the first words of the Assumption of the Virgin.

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TV Radio

- 6.40 Sportswide. 6.55 Film: "Vera Cruz," starring Burt Lancaster. 8.30 The Other One. 9.00 News, Weather. 9.25 Cannon. 10.15 International Show Jumping. 11.00 To-night. 11.30 Weather. All regions as BBC 1 except at the following times: Wales—1.45-2.00 p.m. Sioncyf Sioncyf. 5.55-6.20 Wales To-day. 6.55-7.20 Heddiw. 7.20-8.00 Yr Erwan Gwg. 8.00-8.30 Come Back Mrs. Noah. 11.00 Kane on Friday. 11.30 News for Wales. Scotland—5.55-6.20 p.m. Report Scotland. 6.30-9.00 Current Affairs.

- Account. 11.00-11.30 Spectrum. 11.30 News for Scotland. Northern Ireland—5.53-5.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 Perspectives. 11.30 News for Northern Ireland. England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth); 11.00-11.30 East (Norwich) On Camera; Midlands (Birmingham) Mr. Smith Steps Out; North (Leeds) Politics North; North East (Newcastle) Mike Neville Meets... North West (Manchester) Home Ground; South West (Plymouth) Peninsula; West (Bristol) Time For Music.

- 11.00 a.m. Play School. 7.00 p.m. News, Weather. 7.30 Newsday. 8.10 Kipling's Diary. 8.25 Money Programme. 9.00 Cambridge Revue. 9.40 Horizon: 2002. 10.40 Bononi and Rosa. 11.30 Jini Balcan reads "My Hat," by Stevie Smith.

- 1.15—Montreal Boy 1.45—Cromwell Road 2.15—Fiddler on the Roof

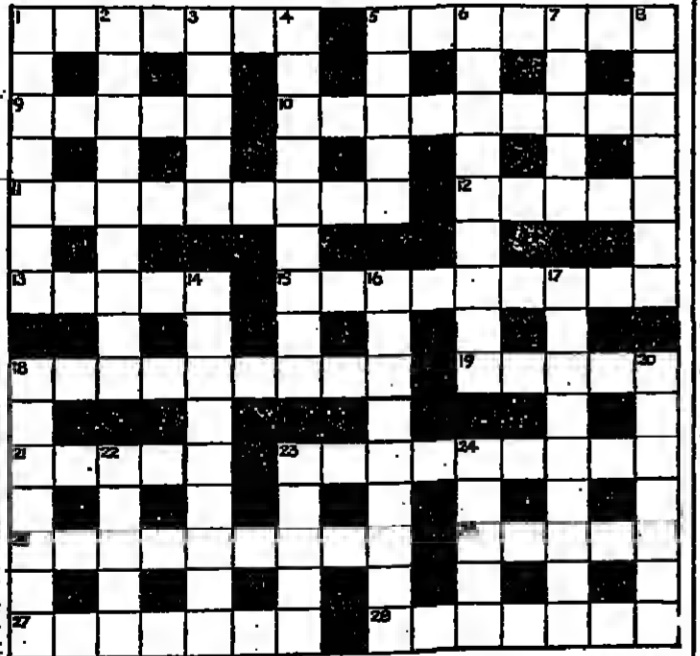
- 1.15—Montreal Boy 1.45—Cromwell Road 2.15—Fiddler on the Roof

Massey-Ferguson Nederland N.V.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of January 15, 1970 under which the above described Debentures were issued, First National City Bank, (now Citibank, N.A.) as Fiscal Agent, is drawn by for redemption on January 15, 1978, through the operation of the sinking fund provided for in the said Indenture, \$1,500,000 principal amount of Debentures of the said issue of the following distinctive numbers:

Table with columns: DEBENTURE NUMBER, AMOUNT OUTSTANDING, DEBENTURE NUMBER, AMOUNT OUTSTANDING. Lists numerous debenture numbers and their corresponding amounts.

F.T. CROSSWORD PUZZLE No. 3,546



- 1 Canny operator in the garden (7) 2 Dismiss objection to old trombone (7) 3 Composition enables small boy to go to party (5) 4 Leave your car inside my boy says modern lawmaker (9) 5 Such a steamer is manned by Gemini and sailors (4, 5) 6 Psycho-analyst is possibly daft—about a pound (5) 7 13 is for a baker to sleep with (5) 8 Can Bach with a student compose drinking song? (9) 9 Go before National Trust for example (9) 10 Might be supplied by horse (5) 11 Beast fetched up at Leatherhead (5) 12 Give squash to printer (4, 5) 13 Combine into one fashionable note by fireside (8) 14 Suppose I get immersed in a job (5) 15 Bird sanctuaries reached by female on railway (7) 16 Reckoning to call for attention to cry from one in the pink (5-2) 17 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

BBC 2

- 11.00 a.m. Play School. 7.00 p.m. News, Weather. 7.30 Newsday. 8.10 Kipling's Diary. 8.25 Money Programme. 9.00 Cambridge Revue. 9.40 Horizon: 2002. 10.40 Bononi and Rosa. 11.30 Jini Balcan reads "My Hat," by Stevie Smith.

LONDON

- 9.20 a.m. Motorway File. 10.00 The Sun. 10.50 Wild Country. 11.40 Dynamite. 12.00 Handful of Songs. 12.10 p.m. Stepping Stones. 12.30 Battle of the Comedy. 1.00 News. FT Index. 1.30 Help! 1.50 About Britain. 2.00 Money-Ground. 2.35 Banquet. 3.50 Cedar Tree. 4.15 Place To Hide. 4.45 Magazine. 4.15 Emerald Farm. 6.45 News. 6.00 Thames at Six. 6.35 Crossroads. 7.00 Muppet Show. 7.30 Backs to the Land. 8.00 Doctors' Hospital. 9.00 Jubilee. 10.00 News. 10.30 Police 5. 10.40 Russell Parry. 11.15 Film: Outcast. 12.40 a.m. Out of Town.

BBC Radio London

- 2.06am and 9.45 VHF 4.30 a.m. As Radio 4. 4.30 Lunch Hour. 5.30 a.m. As Radio 4. 5.30 News. 6.00 a.m. As Radio 4. 6.00 News. 6.30 a.m. As Radio 4. 6.30 News. 7.00 a.m. As Radio 4. 7.00 News. 7.30 a.m. As Radio 4. 7.30 News. 8.00 a.m. As Radio 4. 8.00 News. 8.30 a.m. As Radio 4. 8.30 News. 9.00 a.m. As Radio 4. 9.00 News. 9.30 a.m. As Radio 4. 9.30 News. 10.00 a.m. As Radio 4. 10.00 News. 10.30 a.m. As Radio 4. 10.30 News. 11.00 a.m. As Radio 4. 11.00 News. 11.30 a.m. As Radio 4. 11.30 News. 12.00 a.m. As Radio 4. 12.00 News.

The Debentures specified above, are to be redeemed for the said sinking fund of the W.C. Agency Services of the Fiscal Agent, 111 Wall Street, 2nd Floor—Bond Windows, in the Borough of Manhattan, The City of New York, State of New York; or at the offices of Banca Nazionale del Lavoro, Rome; Banque de Paris et des Pays-Bas, London; Bank Aktiengesellschaft, Frankfurt/Main; Hill Samuel & Co. Limited, London; E. H. Harcourt, S.A., Brussels, as the Company's paying agent, and will become due and payable on January 15, 1978 at the redemption price of 100 percent of the principal amount thereof, plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue. The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date.

Cinema

Monsters for Christmas

by NIGEL ANDREWS



Lanceford Roberts and Vivien Townley

ingham Hippodrome La Bohème

by RONALD CRICHTON
I AM GASKILL'S first pro- p of La Bohème, new seen in Cardiff, reached the igham Hippodrome on y as part of the Welsh al Opera winter tour. Mr. l, whose Barber of Seville same company was much is an acquisition—a dis- ed drama director pre- to work from inside the (without imposing ideas or manifestos, to work so y and unsensationally apart from becoming al text and music are a fresher, truer impact al, one hardly notices e is doing. That is in- as a compliment.
second and fourth acts of e are fascinating for ings often muffed or overdone that come un- uly right. The skill, for is, with which Mimì and e, in Bohemians are moved the crowd outside the mous so that each solo comes out clearly; the forward treatment of s scene: the natural way

The Entertainment Guide is on Page 20.

Star Wars (U)
Leicester Square Theatre and Dominion from December 27.
The Deep (A)
Odeon Leicester Square
Bobby Deerfield (A)
Warner 4 from December 22.
Landscape After Battle ICA
Sbirin's Wedding
The Other Cinema
Goodbye Emmanuelle (X)
Columbia

Those seeking an explanation for the money-spinning success of Star Wars—it has already overtaken Jaws at the box office—need look no further than the fact that the film cashes in on a paradox of the cinema's first "nostalgic" science fiction movie. If that sounds like a contradiction in terms, consider that not only is the film set in the past, not the future—far far away in a galaxy far far away—reads the opening title—but that its appeal lies in the way it dazzles us with the novelty of its intergalactic imaginings than in the way it taps our own cosy and unvoluble childhood memories. Star Wars is a scrapbook of colourfully evocative images from Flash Gordon and Dan Dare. It is a comic strip come to life (not so dissimilar as such from George Lucas's last film American Graffiti, which also manoeuvres cut-out characters against a Toytown background), and it marks the disconcerting point at which the cinema's nostalgic bandwagon seems—the logical end of its journey—to have turned up the road of juvenile regression.

One feels like a killjoy in not greeting the film with due seasonal warmth, since this bright toy has arrived in London right on cue for Christmas and will no doubt furnish every grateful child's holiday treat. No scientific holiday that it has in its abundance, that its special effects are splendid (though not surpassing that of 2001) and that Lucas has worked marvels with his non-human characters, with an array of robots who walk, talk and think as quirkily and expressively as humans. Often indeed rather more so. Our story revolves around the attempt of a motley quintet of heroes to mount an interstellar rescue mission in order to save a captured princess. She is the beautiful Leia (Carrie Fisher) who is languishing in the clutches of the nasty, empire-building tyrant Tarkin (Peter Cushing). Our two human heroes are the blond and princely Luke (Mark Hamill) and the impetuous Han Solo (Harrison Ford); and the two stalwart robots who accompany them are the defunct droid C-3PO, a sea of brass in gold casing, and his friend R2-D2, a mobile computer with an endearing vocabulary of grunts, bleeps and whimpers.

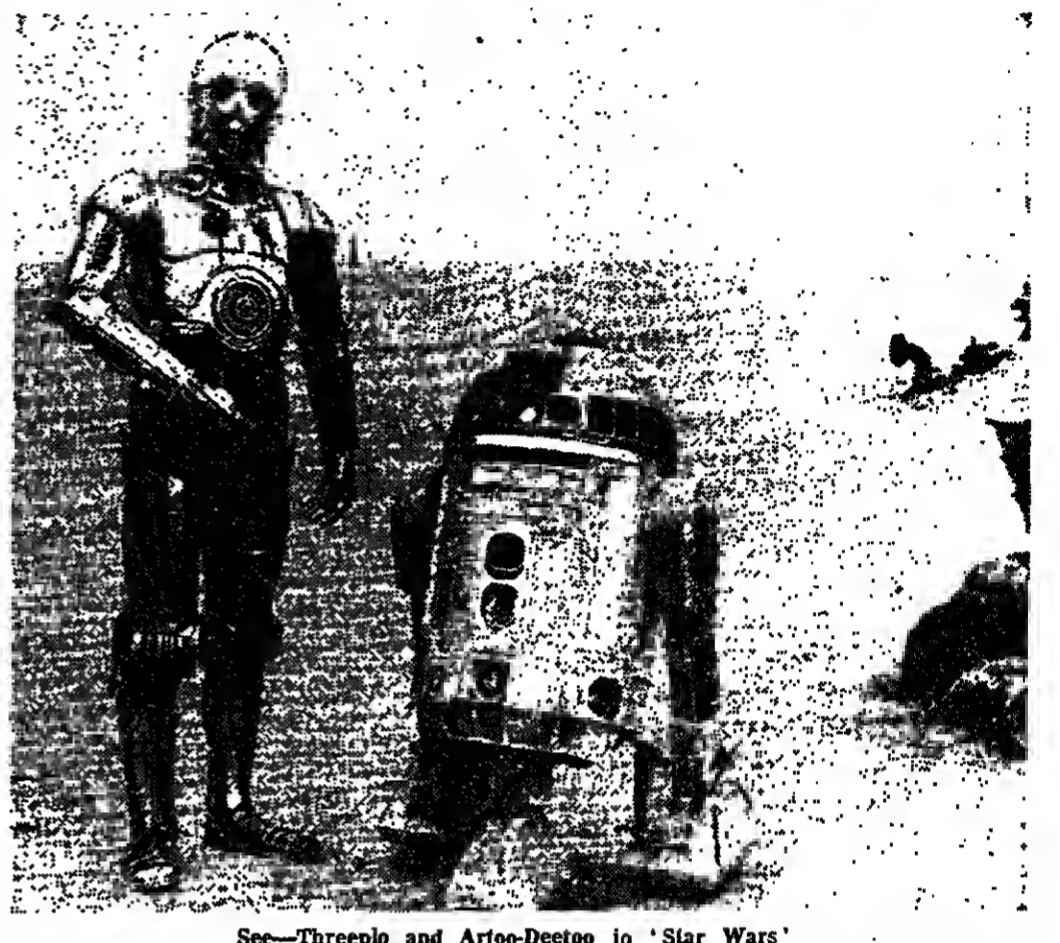
morphine; then arouses the interest of local sea-dog and antiquarian Robert Shaw, who offers to help the couple recover the loot.
Rendering the mission more problematic is the fact that the wreck is honey-trapped with a sinker cargo of mutinians, that one of its less hospitable residents is a 12-foot moray eel, and that Shaw's treacherous henchman (Eli Wallach) is busy relaying information to the negro. It is no surprise that the film's screenplay went through several drafts. The plot does not get so much thicker as overflow in all directions; topping the equilibrium of a plot that was never very steady to begin with, and sweeping the characters on from one whirlpool of a set-piece to the next with scarcely a pause for oxygen.

The best thing to do is to sit back and admire those set pieces, and to try to suspend your incredulity in between. Director Peter Yates and producer Peter Guber claim that the film's underwater photography surpasses anything seen in a feature film before, and the boat is not an idle one. The Deep and its camera crew conquer the sea as confidently as Star Wars does the firmament. Also in the film's favour is the moray eel itself, a sea monster so characteristically horrible as its forerunner in the aquarium of Bencher's imagination, the Jaws shark. Only one final query: how does Robert Shaw survive, at the end, an underwater explosion fit to rock a battleship? Or is his escape merely poetic consolation for that dramatic moment in Jaws when he furnished the leading character's dinner?

Although I have been lamenting the loss of "human interest" in 1970s popular cinema, let it not be thought that I am coming to the aid of films like Bobby Deerfield. Sidney Pollack's new movie gives us human interest by the ladleful, but so syrupy is the mixture that even stomachs that happily digested Love Story may rebel here. Al Pacino plays a successful but emotionally inhibited racing driver, Marthe Keller is the beautiful and wealthy Italian girl who befriends him and tries alike to love him and to "bring him out of himself." She, however, is dying from a fatal disease — of the nameless Hollywood variety — and the film spins its fanciful narrative threads around the paradox of the dying girl teaching the living man how to live. The result is a film of quite

impassioned picture of what life was like for concentration camp survivors after the war, when in the painful process of social reintegration they were herded from one relief camp to another before being released into society. Worth a visit.
Despite last-minute appeals to the public at large, and to the British Film Institute in particular, The Other Cinema is to close at the beginning of January due to lack of funds. Those not sympathetic to the cinema's left-wing persuasions will jump to see the closure as a vote of no confidence, or an interest in a socialist cinema. But whatever the correct diagnosis, the cinema's end sadly depletes the choice of outlets for independent films in London and leaves a gap one cannot see being filled for a considerable time.

Their last presentation is Shrim's Wedding, directed by Hilma Sanders, the story of a Turkish girl's tribulations as an immigrant worker in Germany, down to the standards of the film's predecessors.
Last and most certainly least, Goodbye Emmanuelle: the latest (and dare we hope, the last) adventure of the globetrotting nymph played by Sylvia Kristel. After Bangkok and Hong Kong, Emmanuelle and choice of outlets for independent films in London and leaves a gap one cannot see being filled for a considerable time.



See—Threepio and Artoo-Deetoo in 'Star Wars'

Round House

The Importance of Being Earnest

by B. A. YOUNG

The Importance is an indestructible play. I have several reservations about this production by Tenniel Evans (who also plays the two manservants Lane and Merriman, turning from one to the other by adding a grey wig and a rustic burr), but the lines come up as fresh as ever, and I laughed almost without stopping once we had got going. If I now devote myself to picking holes, it is only because the play deserves the very best. None of the faults come near to stopping me from enjoying myself.
"My dear Connor, my dear Harding," Oscar might have said, "you are neither of you my favourite actor." The Actors' Company is a pretty young company at present, and they seem to me to be taking Wilde's great comedy too frivolously. Martin Connor as Algernon wears costumes in London and tropical clothes in the country, and most unlikely to prompt Worthing to describe him as overdressed or Lady Bracknell to say that "he has nothing but looks everything."
Moreover, he serves Lady Bracknell's tea on the tea-tray that also carries the teapot, the cream-jug, the sugar-bowl and all the rest of the paraphernalia, a curious eccentricity.

set a good example to the men-folk by never dropping their voices too much at the end of their lines. Mr. Harding in particular sometimes loses a word or two completely this way.
Cecily has a look of Tenniel's Alice—Sir John Tenniel's, not Tenniel Evans's—that is fitting enough, though she must sometimes have had trouble admitting to twenty at evening parties. She is a very jolly girl, a nascent Joan Hunter-Dunne probably, and if she forgets herself to the extent of loading the sugar into Gwendolen's cup with her fingers rather than the sugar-tongs, we may remember that she has spent most of her life in the country with no company more sophisticated than Miss Prism's.
Age, real or simulated, only comes into its own with Edward Petherbridge's grey, skeletal Canon Chasuble, lovingly rendered, and Brenda Peters as Miss Prism, whose continued, if no longer fatal, absence of mind is indicated by the way she drops books about.
The production is a simple one, with the sets confined to a couple of essential walls pierced by the necessary entrances. The first night house was disappointingly small; for all my carping this should give a delightful evening out.

Paris theatre

Ubu by OSSIA TRILLING

ONE CAN see at once what drew Peter Brook and his fellow experimenters of the Centre International de Créations Théâtrales to Alfred Jarry's Ubu plays, three of which make up the stuff of what, at the Bouffes du Nord, is listed simply as Ubu. In a little over two hours, with a short break, we are introduced to virtually the same team that gave us The Ibs. Only this time instead of tragedy, the label is tragic-comedy, and the ten stalwarts under Brook's command display a talent for hypnotic humourous second only to that which they put to such good use in the earlier piece.
The protagonist is, of course, the monster which his 15-year-old creator modelled on what must have been a particularly repulsive schoolmaster. Monsieur Ubu must have been fat, gross, splenetic, whimsical and sadistic. Jarry has caught him in apic, and Andreas Katsulis, with the most economical of means, uses hardly more than his practice clothes and the occasional woolly cap, blanket or skeleton prop.

brings him marvellously to life in the first half, which draws largely on Ubu roi and Ubu sur la Butte.
In part two, he switches roles with Malik Bowens, the coal-black Mali actor, who in part one impersonated the feebish King Wenceslas of Poland with equal conviction. Bowens now becomes the incarcerated Père Ubu of Ubu enchaîné. Similarly Katsulis's fellow American, Michèle Collison, the large lecherous and loud-mouthed Mère Ubu of part 1, changes roles with the tiny Miriam Goldschmidt. Having borrowed the trappings of royalty, spiritually and physically every inch a queen, for the role of the King's consort, Miss Goldschmidt goes through agonies of despair and torture as the fettered Mther Ubu.
Ubu's seizure of power and of the throne, represented like so much in the production, symbolically, yet totally convincingly, by a large cable-drum, are gloriously mimed and enacted by the company to the accompaniment of a Japanese musician on the drums with a succession of grotesque gags taken straight from the circus and the Music Hall, or else inspired by them. Here the parallels with the style of the Ibs are unmistakable. The laughter from the audience seated on a semi-circular stand around the acting-area on the stalls-floor of the gutted theatre, and on the balconies above, testify to the success of Brook's method.
There is less laughter in part two not surprisingly, since seeing two "liberated slaves," with black skins at that subjected to unspeakable indignities both on the stage-floor and in and out of the two trap-doors is intended to provoke an opposite reaction, and does. This production may well be a trial run for the forthcoming Measure for Measure. At the moment I cannot quite see how either Brook's The Three Sisters in Paris or his Anthony and Cleopatra at Stratford might benefit from it.

Book review

King of the Strings

Segovia: an autobiography of the years 1893-1920 by Andres Segovia, translated by W. F. O'Brien. Marion Boyars, £6.95. 207 pages, illustrated.

"My kingdom for a repertoire!" sighed the future king of classical guitarists after a successful recital in the Palace of Music at Barcelona. The event proved what few apart from Segovia himself then believed, that the Spanish public would come to hear a solo guitarist in a hall associated with classical music, and that the instrument would be audible in so large a space.
The story as so far written ends in 1920, with the author (still playing, half a century and more later) on the verge of crossing the ocean to conquer new fields in Latin America. By then he had more or less established the guitar in his native Spain—established it, that is to say, as a vehicle for serious as opposed to popular music. Torroba, a respectable minor composer, had produced a work specially for him. But one Torroba does not make a summer, and though more eminent composers have subsequently written for Segovia and his followers, the pryer for a repertoire has not been substantially enlarged.
Segovia disclaims literary ability, but he can make people vivid—Miguel Llobet, one of his few predecessors as a "serious" player, is one of them, the cellist Gaspar Cassadó is another.
The old-fashioned atmosphere is rather pleasantly reinforced by the numerous line-drawings. The translation is American-English.

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St. John's Smith Square Haydn Masses

by DAVID MURRAY

The BBC series of Haydn Masses continues apace; on Wednesday night, the Harmoniemesse positively bustled. It was the last of Haydn's great Masses, written when he was 70, and this performance was entrusted to young Ivan Fischer. He is full of tender anxiety for the music he conducts, simultaneously snapping urgently at these players and flinging minatory gestures at those, his hands describing frantic arabesques—stickless, prudently, a beton in those hands would constitute a public danger. The musical repertory of all this activity here genuine enough, with flashes of quick intelligence regularly picking out salient points, but serenely plays no great part in it.
There was much to enjoy in the Harmoniemesse, not least the contribution of the wind band, whose unusually substantial role gives this Mass its name. From their first entry in the Kyrie it was clear that the responsibility would be lovingly undertaken. In fact they made easily as much of an impression as the quartet of solo singers—Lynda Russell, Fiona Kimm, Ian Caley and David Thomas—who mostly performed reliably in their shadowy parts. (Miss Russell had a cold, rather here and there receded unappreciably from time to time.) Much of

the power of the work derives from its rich austerity, however, and Fischer pressed it onward rather hard; an unburied tread would have carried it more imposingly.
Mozart's Symphony No. 28 and the little Village Scenes of Bartok completed the programme. Not to put too fine a point on it, the Baroque was messy; no doubt the resonance time in St. John's added to the difficulties of articulating Bartok's bright chamber scoring crisply, but the instrumental

The Campiello Band

The Campiello group is not, as I had supposed, a little camp; or rather it is, but not nominally—it is simply a musical remnant of the National Theatre production of Goldoni's Il campiello (The Square). They are square, too, that being part of the joke, or even the whole of it. Briefly, this is a wonderful ensemble originally collected by Michael Nyman to make rackety band noises for the Goldoni; rebeck and banjo, saxophones and shavans and curials, upright piano and trombone.
They performed in the crypt of St. John's yesterday at 8.15. We had Nyman's Goldoni music, an excruciating arrange-

What's playing at the Marriott

The American Marriott is a Theatre Royal. One of the finest classical theatres in the world. It has a magnificent orchestra and a superb chorus. The repertoire is varied and includes many of the world's greatest operas and plays. For more information, contact the Marriott Theatre.

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Additional trains to run to augment existing services.
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No overnight services. See special leaflet.
Southern Region - reduced Sunday services.
Other Regions - reduced services with reduced ticket fares.
Weekday services with reduced peak hour services.
Minimal Saturday services - no overnight services.
Greater London - no service except for certain Glasgow, Edinburgh and Aberdeen destinations.
Other Regions - Sunday services, but no Glasgow, Edinburgh and Aberdeen destinations.
Greater London - reduced Sunday services.
Other Regions - weekday services with reduced ticket fares.
Greater London - reduced weekday services.
Other Regions - weekday services with reduced ticket fares.

EUROPEAN NEWS

Europe Parliament increases 1978 budget spending

BY DAVID SUCHAN STRASBOURG, Dec. 15. IN MOVES which still threaten a clash with the Council of Ministers, the European Parliament today added £17m to the payments side of the 1978 EEC budget and £55m to the commitments side.

With time running out for a compromise before Christmas, the Council will have to decide, perhaps when Finance Ministers meet in Brussels on Monday, how much of these increases to accept.

EEC probes dumping complaints

BY GUY DE JONQUIERES BRUSSELS, Dec. 15. THE EEC Commission announced today that it has opened two more anti-dumping investigations, into exports of kraft liner from the United States and unalloyed titanium from Japan.

Son of Cyprus President seized by EOKA-B group

BY OUR OWN CORRESPONDENT NICOSIA, Dec. 15. SECOND-Lieutenant Achilles Kyprilianou (21), the eldest son of the President of Cyprus, Mr. Spyros Kyprilianou, was kidnapped last night by unidentified gunmen, believed to be EOKA-B terrorists, who are demanding the release of all political prisoners and detainees and an amnesty for persons wanted by the authorities.



Doubts on Brezhnev's health

By David Satter MOSCOW, Dec. 15. MR. LEONID BREZHNEV, the Soviet leader, was absent for the second day in a row today from the three-day winter meeting of the Supreme Soviet.

His conspicuous absence, highlighted on the front pages of Soviet newspapers in photos showing his empty place amid the ranks of Politburo members, and the cancellation of a planned meeting with West German Social Democratic Leader, have convinced observers that Mr. Brezhnev is ill.

Mr. Brezhnev was seen to be coughing on the reviewing stand above the Lenin Mausoleum during the funeral on December 8 of Marshal Alexander Vasilevsk, a leading Soviet military figure. But he has otherwise appeared in good physical form, according to diplomats who have seen him recently.

Soviet-Iranian joint projects

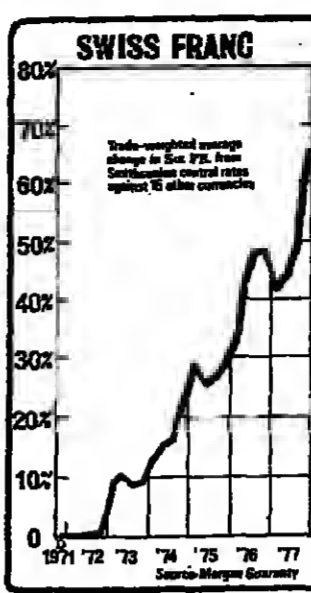
By Our Own Correspondent MOSCOW, Dec. 15. EXPANSION of the Isfahan steel mills, which were built with Soviet assistance, the construction of a second parallel gas pipeline from the Soviet Union to Iran and the joint utilisation of Soviet-Iranian border rivers for hydropower generation were among the projects considered at the eighth session of the Soviet-Iranian joint commission which ended today in Moscow.

THE CLIMB OF THE SWISS FRANC

Reaching Alpine altitudes

BY JOHN WICKS IN ZURICH

ONE OF THE MOST remarkable phenomena of the international monetary system in the recent months and years has been the rocketing upwards of the Swiss franc. Stronger even than the mark, Switzerland's currency has shot up in value against the dollar and against virtually every other major unit of foreign exchange.



After a few days of National Bank absence from the foreign exchange market in June of the following year, the currency was finally freed from intervention levels in January, 1973. By March, 1975 the dollar was worth 2.271 francs, then remained the nadir until Wednesday when the latest weakening of the U.S. currency led to a new low of below Sw.Frs.2.07.

As the Swiss franc has risen in value, it has also become a magnet for foreign funds. The National Bank and the Federal Council have retained a range of measures to keep the money out of the country—not least through rules like the 10 per cent per quarter negative interest charged on new foreign deposits.

Andreotti attempts to win union backing for budget

BY DOMINICK J. COYLE ROME, Dec. 15.

SIG, GIULIO ANDREOTTI, the Italian Prime Minister, was tonight meeting union leaders in an attempt to win support for his revised 1978 budget, approval of which is now effectively linked to the survival of the 17-month-old minority Christian Democrat administration.

The three big union confederations have already threatened a general strike next month if the Government fails to satisfy their demands for immediate new investment to cut unemployment, especially in the South. They also want financial backing for a number of state-owned companies, notably in chemicals and steel, currently in a severe recession.

Portugal no nearer a government

BY DAVID TONGE ANKARA, Dec. 15.

A WEEK after the defeat of Portugal's minority socialist government on a parliamentary motion of confidence, the formation of a new government appears no nearer writes Diana Smith in Lisbon.

Van Agt forms new Dutch Government

BY DAVID TONGE ANKARA, Dec. 15.

MR. Andries van Agt, Premier-designate in the new Centre-Right Dutch coalition Cabinet, has succeeded in finding his final three Cabinet Ministers, Michael van Os writes from Amsterdam. A new Government is expected to be sworn in possibly today, but more likely on Monday.

Demirel stays in office despite losing majority

BY DAVID TONGE ANKARA, Dec. 15.

THE TURKISH coalition, which last night lost its Parliamentary majority as a result of Party resignations, intends to stay in office until forced out, according to sources close to Prime Minister Süleyman Demirel.

France faces pay clash

BY DAVID TONGE ANKARA, Dec. 15.

THE FRENCH Government is facing a bitter pre-electoral wages clash with sections of the two militant unions, the Communist-controlled CGT and the left-wing CFDT, following yesterday's breakdown of peace talks between the unions and the state-owned electricity and gas utility (EDF-GDF).

Romania sacking

MR. Constantin Babaloiu, Romanian Minister of Mining, dismissed today and replaced by Mr. Vasile Palilinet, until the Central Committee Secretary of security, Paul Lengua, was sacked.

10% young jobless in OECD

BY ROBERT MAUTHNER PARIS, Dec. 15.

THE NEED for comprehensive measures to deal with the growing problem of youth unemployment was underlined here today at the start of a two-day meeting of labour ministers from the 24 OECD member countries.

Mr. Ray Marshall, the U.S. Secretary of Labour and chairman of the conference, warned that while youth unemployment was not a new phenomenon, it was becoming a more serious problem in the 1980s.

All of these securities having been sold, this announcement appears as a matter of record only.



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JAN 10 1978

AMERICAN NEWS

Carter optimistic on Energy Bill passing the Congress soon

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Dec. 15. PRESIDENT CARTER predicted today that Congress would pass a satisfactory Energy Bill early in the New Year...

PERUVIAN DEBT CRISIS Lima loan request refused by Washington

BY NICHOLAS ASHESHOV LIMA, Dec. 15. THE U.S. Treasury has turned down a request from the Peruvian military government for an emergency \$100m. loan to help tide it over a new balance of payments crisis...

MR. GEORGE MEANY Testing time ahead with the President

BY JOHN WYLES IN NEW YORK AT AROUND 10 p.m. on some evenings last week, a short, slightly rotund, old man with a cigar wedged firmly in the corner of his mouth could be seen wandering his way through the lobby of the Bonaventure Hotel in Los Angeles, apparently returning from an evening constitutional...

U.S. industrial production up in November

U.S. industrial production rose by an adequate 0.5 per cent last month, an improvement on the 0.3 and 0.4 per cent advances recorded in October and September respectively, our U.S. editor writes from Washington.

Larosiere likely IMF head

BY OUR OWN CORRESPONDENT WASHINGTON, Dec. 15. THE DIRECTORS of the International Monetary Fund will meet tomorrow to consider the choice of a new managing director, amid growing signs that M. Jacques de Larosiere of the French Treasury is nearly certain to take over from Dr. Johannes Witteveen.

Argentina and U.K. may seek Falklands oil

BY HUGH O'SHAUGHNESSY THE POSSIBILITY of the joint exploration of the oil potential of the Falkland Islands by Britain and Argentina was agreed yesterday at talks in New York between Mr. Ted Rowlands, a Minister at the Foreign Office, and Capt. Gaetano Allara, his Argentine opposite number.

Hope of end to coal strike

OUR OWN CORRESPONDENT NEW YORK, Dec. 15. Aimed at ending the U.S. strike have edged signs towards a settlement over a few days, although leaders and employers have still to be overcome.

U.S.-Viet talks

The Vietnamese Deputy Foreign Minister, Phan Huan, arrived in Paris yesterday for a new round of negotiations with the U.S. on establishing normal diplomatic and trade relations, Reuters reports.

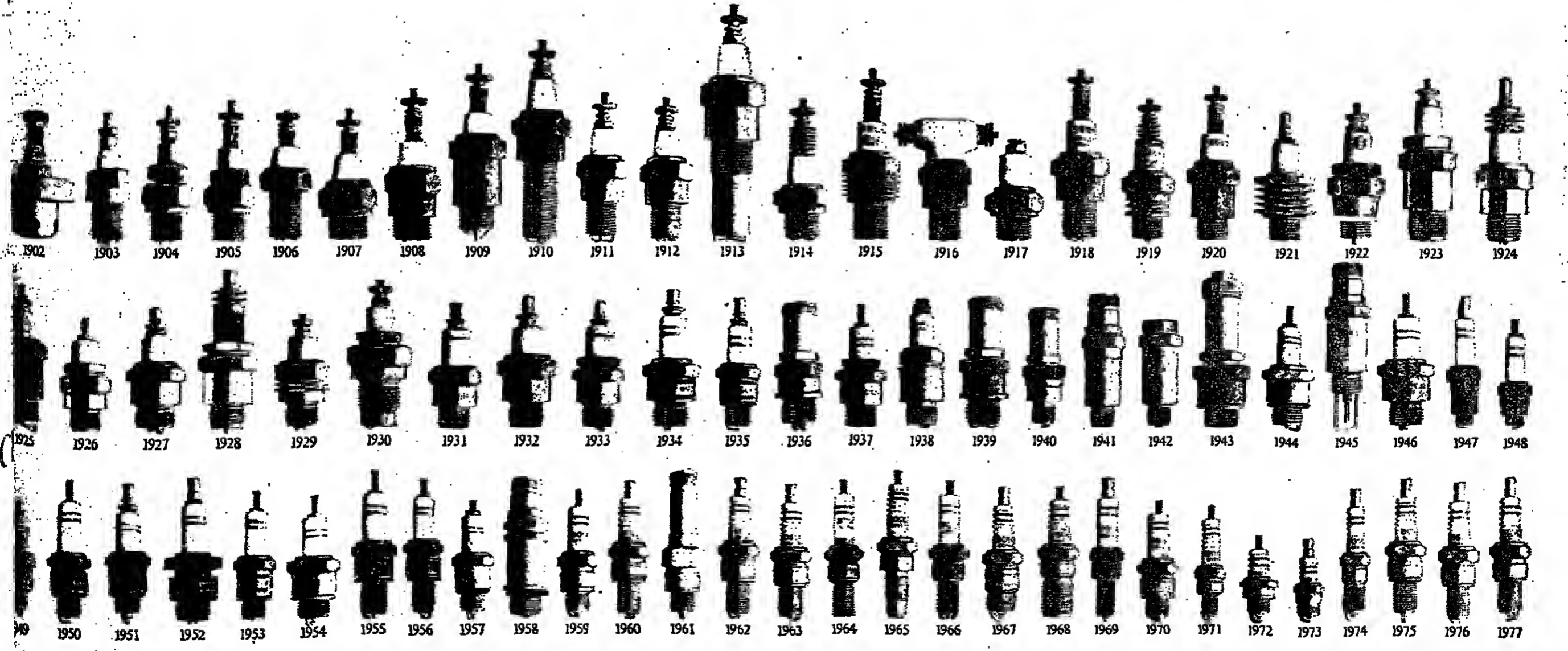
Grumman gift to Iran

BETHPAGE, N.Y., Dec. 15. GRUMMAN Corporation, in a sales representative for helping to clinch the deal, and did pay \$6m. in commission fees.

Shah aftermath

The U.S. Justice Department is seeking evidence as to whether demonstrators during the recent visit to Washington by the Shah of Iran violated the Foreign Registration Act, the department said, UPI reports from Washington.

The History of the Motor Car.



In 1902 an engine with a 1 litre capacity developed about 6 HP. Nowadays engines produce up to 60 HP - or as much as 300 HP in some racing cars. To develop and manufacture spark plugs which make such high performance possible, a technological capability is required of a very high order indeed.

Robert Bosch supplied that spark. In comparatively few years Bosch HT ignition systems and spark plugs had become an established part of automobile development. Since then the basic principle of the spark plug has hardly changed. Yet up to now we have produced as many as 20,000 different types of spark plug in order to keep abreast of changes in engine technology.

must not overheat, otherwise dangerous pre-ignition may occur. To give you some idea of how much Bosch spark plugs have developed over the years, just compare our very first plug with the latest models. The 1902 plug had to produce sparks at the rate of 15 to 25 per second. Today's plug must produce five times as many in the same time.

can last 10,000 miles or more, in the old days the motorist had to reach for the plug spanner every 600 miles or so. So next time you buy a Bosch spark plug just remember how much of the history of the motor car it contains.

Bosch UK: Robert Bosch Limited, Watford, Hertfordshire



Carl Benz called automobile ignition the problem to end all problems. "If the spark fails", he said, "then everything else is useless however sophisticated the design".

OVERSEAS NEWS

WORLD TRADE NEWS

Sadat said to have been invited to Washington

AS THE first working session of the Cairo peace talks between Israel and Egypt took place...

man group is understood to be seeking an agreement on the precise interpretation of the clauses of UN Resolution 242...

Israeli Prime Minister Menachem Begin has been invited by King Hassan to visit Morocco, according to yesterday's editorial of Maariv...

Vance's Arab peace trip ends

RIYADH, Dec. 15. MR. CYRUS VANCE, the U.S. Secretary of State today wound up his six-nation Middle East tour on an optimistic note.

OPEC conference to go ahead as scheduled

THE ministerial conference of the Organisation of Petroleum Exporting Countries (OPEC) set for Caracas, Venezuela, on December 20, will take place as scheduled...

Petroleum Exporting Countries, was ending its meeting, no word of his arrival had been received.

Iranian general arrested on spying charges

It was confirmed yesterday that an Iranian major-general has been arrested on charges of spying for an unnamed foreign power.

Rhodesian peace talks adjourn until Tuesday

THE RHODESIAN constitutional talks were adjourned until next Tuesday following a session of more than two-and-a-half hours in which "further progress" was made according to an agreed communique.

Today's was the fifth session of the talks which started on December 2 and which have now lasted for nearly 12 hours in all—nine hours having taken place this week.

Ethiopia executions

Deserters from the besieged city of Asmara say its Ethiopian defenders have carried out a wave of executions of officers and soldiers blamed for military defeat, reports Renter from North of Asmara.

S. Africa sanctions move

THE STAGE was set today for new efforts to apply further sanctions against South Africa through the Security Council, following the General Assembly's adoption last night of 14 resolutions on apartheid.

Next month and, coincidentally, will have the presidency in January.

Pakistan arrests

Police arrested 14 leaders of the deposed Prime Minister Zulfikar Ali Bhutto's Pakistan People's Party yesterday and were investigating 14 others, a Government spokesman said, reports UPI from Lahore.

Zia forms new 'political front'

MAJ.-GEN. ZIAUR RAHMAN, Bangladesh President and chief martial law administrator, tonight announced the formation of what he described as a "political front" to all the

political vacuum in the country.

Get your business off the ground. Get right to the heart of Africa. From both Gatwick and Amsterdam, Air Malawi's VC10's fly passengers and freight right to the heart of Africa: Malawi. Touch down in Blantyre, Malawi's largest commercial city.

REFERENDUM IN THE PHILIPPINES

Marcos offers Hobson's choice

By Miguel Suarez in Manila

RULING WITH powers from two constitutions, Ferdinand Marcos of the Philippines is clearing the stage for parliamentary elections in mid-1978 that would give Asia's only Roman Catholic nation its first legislative assembly after more than five years of one-man rule.

JAPANESE TARIFF CUTS

Nine to seek additional measures

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

JAPAN'S MINISTER for external economic relations, Mr. Nobuhiko Ushiba is expected to be told that his Government must take additional measures to open up its domestic market to European exports when he arrives here tomorrow for discussions with senior officials at the EEC Commission.

U.S. exporters will be the chief beneficiaries of tariff cuts on computers (from 13.5 per cent to 10.5 per cent), colour film (16 per cent to 11 per cent), aircraft (8 per cent to 6 per cent) and a modest expansion from 1,000 to 2,000 tons of the quota on beef, for use in hotels (most of which originates in U.S.).

offered tariff reductions on four items which figure prominently in French criticism of Japanese import barriers: wine, brandy, perfume (from 12 to 9.5 per cent) and cigarette lighters (from a variable 16-20 to 12.5-15 per cent).

British industry is highly competitive on several other major items included in the tariff on incoming aircraft engines goes from 12 to 9.5 per cent; on computer peripheral equipment from 22.5 to 17.5 per cent; on numerically-controlled machine tools from 10.8 to 8; and on radar aircraft from 12 to 9.5.

Aggricultural tariffs on 20 items will be cut by an average 15 per cent, compared with an average 31 per cent on industrial goods.

Tokyo raises target for GNP

BY DOUGLAS RAMSEY

THE JAPANESE Government is reacting with uncharacteristic speed to fresh out the package of import liberalisation measures which Washington politely termed "insufficient" in talks this week with Mr. Nobuhiko Ushiba, Japan's Minister for External Economic Relations.

U.S. delay steel prob

THE U.S. International Commission decided to delay three weeks a decision whether to order an import of steel from Western Europe, writes the ITC in New York.

ECGD plan to cut refinancing

BY MARGARET HUGHES

THE MAIN effects of the new arrangements for sterling financing of export credits are that the clearing banks will take a "substantially higher" proportion of export financing on their own books while at the same time opening up sterling buyer credit business to British registered foreign banks.

Aid to win 'jumbo' contracts

BY LORNE BURLING

THE GOVERNMENT decision to go ahead with a scheme to assist British industry in winning "jumbo" contracts abroad comes after a long delay and a decline in the U.K. share of this valuable market, now dominated by Japanese, American and some European companies.

Hong Kong pact

THE United States may reinstate textile imports from Hong Kong, the European Community has negotiated a five-year agreement with the colony, a leading trade official says.

SAS Airbus

THE Board of Scandinavian Airlines System (SAS) has passed a decision on the purchase of a new Airbus A300 aircraft.

Telex order

L. M. Ericsson, the Swedish communications group, has saved a \$50 million order from Soviet Union for an international Telex exchange to be built in Moscow, John Walker writes Stockholm.

Iran contracts

Salpen, the pipeline engineering subsidiary of Italian state oil group, ENI, won two contracts worth \$1.5 million from the Iranian Air Force, Betts writes from Rome.

Satellite deal

Nippon Electric said it has signed a \$10 million contract with the Soviet Ministry for a station system for satellite communication, reports Reuters.

ON OTHER PAGES International Company News: Kenana Sugar 32-33 Volkswagen sales 32-33 Farming and Raw Materials: Danish farm optimism 34

HOME NEWS

Leyland's £33m. research and test centre goes ahead

BY TERRY DODSWORTH

BRITISH LEYLAND is to build a £33.7m. technical centre for its Truck and Bus company. Development of new technical facilities was strongly recommended in the Ryder report two-and-a-half years ago...

Ready in 1980

At the same time, Leyland requires better facilities to push ahead with the development programme on new vehicles which has also been out in train during the last few months...

Investments totalling £31m. at Leyland, and another £30m. at Bathgate and its sister factory in Glasgow, have already been announced. At Leyland the company is building a new assembly hall to push output of heavy vehicles up to about 20,000 units a year...

Freight carriers criticise aid plans

By Ian Hargreaves, Transport Correspondent

THE National Freight Corporation warned yesterday that the financial reconstruction proposed by the Government might not prevent a recurrence of its troubles in which downturns in the economic cycle have plunged it into heavy losses.

Noisy aircraft may be 'fined' by landing fee

BY DAVID FREUD, INDUSTRIAL STAFF

NOISY aircraft are likely to be fined by International or local penalties at British airports. The new criterion of noise is from 1979 onwards. The Civil Aviation Bill, published yesterday, allows airport authorities to structure charges in a way which discriminates in favour of quieter aircraft.

Foreign company controls eased

BY MICHAEL BLANDEN

THE EASING of controls on sterling investments by companies in the controlled from abroad, announced by the Chancellor in his October, mini-speech, is being put into effect by the Bank of England.

Profits rise hope for plain brands

IMPERIAL TOBACCO and Gallaher are set to make substantial extra profits from plain cigarettes after the turn of the year, writes Stuart Alexander.

Total ban on cigarette advertising rejected

BY STUART ALEXANDER

SMOKERS were again the main target when the Government announced its latest proposals yesterday on preventative medicine. Although the Government rejects recommendations by a Commons Select Committee...



MR. ENNALS - Reduction of burden

Mr. Ennals stressed that it was not possible to force those addicted to give up smoking and any campaign to dissuade people from smoking would take a long time. He pointed to the swing to low tar cigarettes as a result of the Government's actions...

Under the system from January 1, cigarettes will be taxed on a combination of a fixed amount per pack—whatever the size of cigarette—plus a percentage of the retail price.

In the case of alcohol it reflects the need for a health warning on the bottle, and feels that punitive taxation would do more harm than good in those families where there is a drink problem, while at the same time penalising the moderate overwhelming majority.

But it is looking into a code of practice for drinks advertising. Introducing the White Paper, Mr. David Ennals, Secretary for Health and Social Security, described it as a "major document".

Recent research in the U.S. has shown that low tar cigarettes have about 24 per cent. of the market. Experts predict that by the early 1980s they should have about 30 per cent.

State pensions will use FT Actuaries indices

BY ERIC SHORT

THE Government is to use the FT-Actuaries yield calculations in ascertaining the terms for the buy-back premiums. The principle is that they reflect the cost of pensions to the company.

State control option call for onshore oil finds

BY KEVIN DONE

BRITISH NATION OIL Corporation is to have an option to the majority interest in onshore oil discoveries in future. This is the central proposal in a set of terms and conditions for onshore oil production licences published by the Department of Energy in its consultative document yesterday.

Beer may rise 1p a pint soon

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE BREWERS are expected to tell Mr. Roy Hattersley, the Prices Secretary, today that they must raise their prices by 1p a pint in the New Year, but might be prepared to hold prices over for perhaps six months.

That they will not accept the need for fundamental changes in the industry's structure. The Commission's report made no recommendation about prices, but was critical of both the tied house system and some brewers' local monopolies.

The main brewers have not raised their prices for five months and share Mr. Hattersley's view that a preferable space out price increases as much as possible.

While it is true that the Central Electricity Board is some ways an unwilling customer—it is keen to get ahead with an ordering programme for nuclear-fired power stations—it will not be able to move out of coal in the near future.

£400m. gas mains plan prepared

By Kevin Done

BRITISH GAS is finalising a £400m. programme for the replacement of part of the mains distribution system by 1984. Regional programmes of work and trialogue schedules are being drawn up for the project, which is to be completed by the end of the year.

Tribune claims denied

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A BANK of England secret document is published this morning by Tribune, the weekly magazine of the Labour Left-wing, which claims that "a grim picture is shown of this country's prospects of escaping from our self-inflicted slump."

IF YOU SMELL GAS-RINGUS

- If you smell gas, remember the simple safety rules:-
* Don't smoke or use naked flames.
* Don't operate electrical switches—on or off.
* Do open doors and windows.
* Then check that you haven't left the gas on and unlit—or that a pilot light has not gone out.

If you suspect a gas leak, turn off the supply at the meter—and report the leak. Do this at once. The number's in the telephone directory under Gas—and we're on call 24 hours a day.

We'll come quickly and deal with the problem. And if you smell gas at work or in the street, please report it at once. Don't leave it to someone else.

WE'RE HERE TO HELP YOU—24 HOURS A DAY BRITISH GAS

Fuel of the past moves into future

BY JOHN LLOYD

While it is true that the Central Electricity Board is some ways an unwilling customer—it is keen to get ahead with an ordering programme for nuclear-fired power stations—it will not be able to move out of coal in the near future.

Light demand

For the moment, electricity demand is comparatively light, but if it were high, Central Electricity Board officials say the coal stocks would be dangerously low.

Decision

Industrialists, faced with a decision to lay out a large capital investment naturally ask: how long can the price of coal be guaranteed to be competitive?

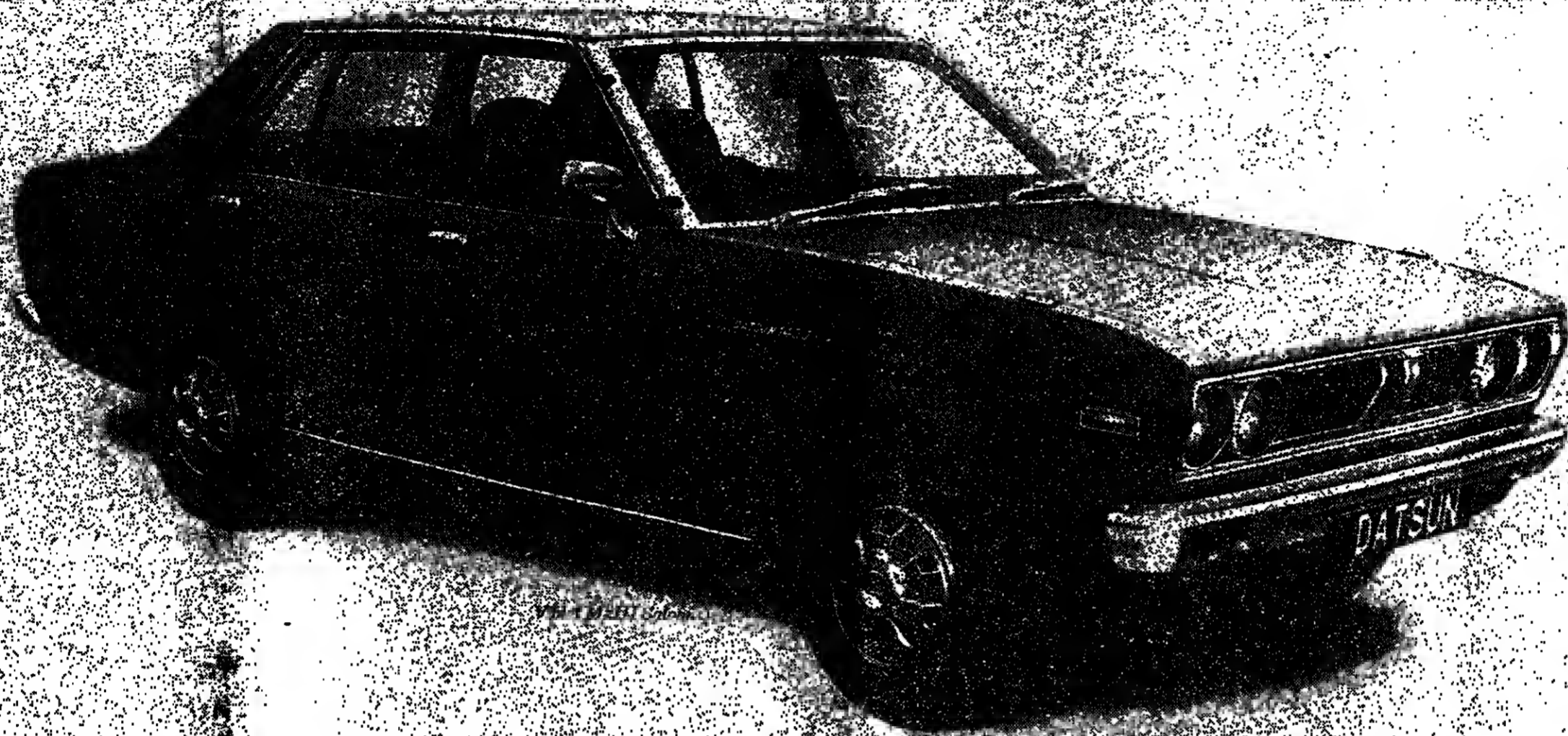
Fashionable

The Solid Fuel Advisory Council—one of the Coal Board's marketing organisations—is out to stop the decline in mounting exhibitions and popularise the chimney.

and is doing what it can encourage the fashion exports—which is more than the other two. Exports from the U.K. are tiny, 10,000 tonnes this year, mostly to EEC countries.

داتسون للسيارات

New from Datsun for 1978!



For 1978, Datsun have added several important new models to their best selling range of cars—exciting additions which give extra refinement in family motoring with the all-new 1.4 litre and 1.6 litre Violet saloons and the Violet hatchback coupé; easy to use semi-automatic transmission with 1200 cc engines in the Cherry saloons; and the introduction of a 1.6 litre version of the extremely popular Bluebird saloon.

They join the recently announced Laurel Six executive saloon to bring your choice of Datsuns to 35 quality built saloons, estate cars, hatchbacks, coupés and sports cars, all extremely well equipped in Datsun tradition and competitively priced to give you reliable, economical, value for money motoring in 1978. Ask your dealer now for details of the complete range of Datsuns.

NEW! Violet Mark III

The new range of Violets offer you the comfort and luxury of executive-style motoring in a lively compact family car. There's a choice of engines in the saloon; 1.4 litre and 1.6 litre, both with a world proven record for performance, reliability and economy. The new Violets give a larger interior than the models they replace, 10% more passenger space and comfort, 10% more load area with a lower waistline for extra visibility, smaller turning circle with light and precise steering for easy manoeuvring and parking, more powerful brakes for even safer stopping, and a new 4-link coil suspension at the rear to give you exceptionally smooth riding comfort with safe and predictable handling. Luggage space has also been increased by no less than 50% to cater for family motoring needs.

The Violet saloons have all the equipment you would expect from Datsun—tinted glass, push button radio, cloth upholstery with reclining front seats, deep pile fitted carpets; a highly accurate quartz clock, two-speed wipers with intermittent and wash/wipe facility, lockable glove box, reversing lights, hazard flashers, heated rear window, and many more features for your extra comfort and safety.

And for the first time in this range, Datsun have introduced a hatchback version, the Violet SSS coupé which has a high-lift tailgate with removable rear shelf and fold-down rear seat to give you enormous carrying capacity. The hatchback has a twin carburettor version of the 1600 cc engine and a five-speed gearbox for extra performance and driving pleasure. A rev counter is, of course, part of the comprehensive standard equipment.

The new Violets are an important addition to the Datsun range of family cars with prices that go from £2749 for the 1.4 litre saloon to £2819 for the 1600 saloon and £3140 for the hatchback coupé, all inclusive of Car Tax, VAT and seat belts.

NEW! Cherry Automatic Saloons

Two new additions to the top-selling range of Cherrys—superb easy-to-drive saloons with Datsun semi-automatic transmission and 1200 cc engines. Gearbox operation is through a torque converter and there is no clutch pedal for the driver to worry about—the clutch is operated automatically when the selector lever is moved. There are three forward positions—Low, for starting off, Drive, for normal motoring, and a special Overdrive feature for relaxed high-speed cruising. The new semi-automatic Cherrys have the top Datsun specification for this range, including cloth upholstery, reclining front seats, tinted glass, reversing lights, heated rear window, hazard flashers, cigar lighter, etc. They are priced at £2292 for the 2 door saloon and £2381 for the 4 door saloon, inclusive of Car Tax, VAT and seat belts.

NEW! 160B Bluebird Mark II

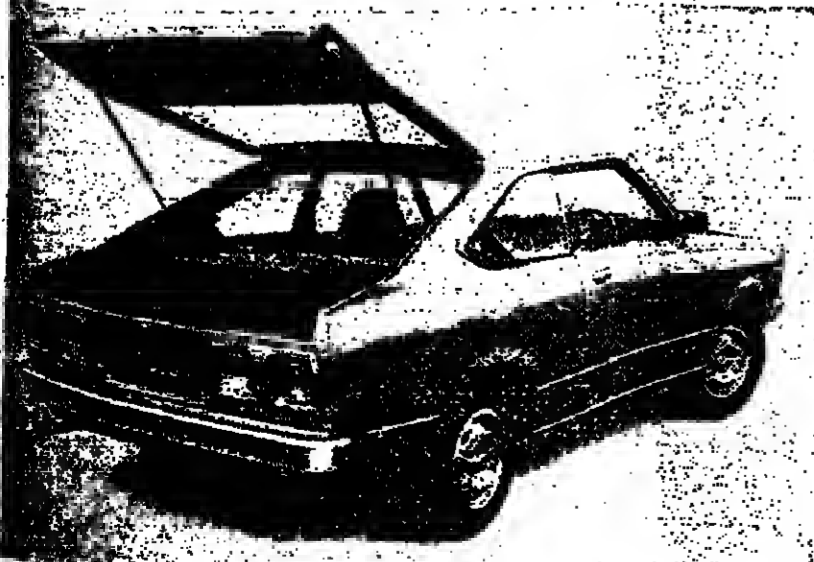
Added to the top selling Bluebird Mark 2 range is a 1.6 litre version, powered by a 1595 cc overhead camshaft engine, giving 81 bhp for extremely brisk

performance, coupled with extra economy. The 160B Bluebird has all the luxury features of the already well established 1.8 litre saloon—fully independent suspension, power assisted dual-circuit brakes, luxurious interior with velvet style cloth upholstery and a full complement of equipment from two wave band push-button radio and tinted glass, to cigar lighter and electric clock. There is a bi-level heater with rear seat duct, illuminated ignition and steering lock, and convenient column mounted controls for lights, and wash/wipe system for the windscreen.



160B Bluebird Mk II

The new Datsuns all have the quality and dependability that you get from the technology of Datsun, the world's fourth largest car manufacturer. Ask your dealer NOW for full details of the 1978 Datsuns.



Violet SSS Coupé

More people choose Datsun—Datsun give you more choice

DATSUN U.K. LIMITED, DATSUN HOUSE, NEW ROAD, WORTHING, SUSSEX. TEL: WORTHING 68561



HOME NEWS

'Women humiliated by tax system'

BY LYNTON MACLAIN

THE TAX system has failed to keep up with changes in the role of women. At best it is humiliating and at worst discriminatory, the Equal Opportunities Commission says today.

5.9m. male taxpayers, out of the 12.9m. married men subject to tax had wives with jobs. Among other causes of irritation was the Inland Revenue's insistence on conducting all correspondence about a wife's income with her husband.

1—Abolition of the married man's allowance and treatment of husband and wife as single people, possibly accompanied by an increase in the single person's allowance.

New loans plan for companies in aided areas

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

FURTHER assistance for small and medium-size companies in the development areas was announced yesterday when Mr. Alan Williams, Minister of State for Industry, unveiled a £20m. experimental scheme in conjunction with the European Investment Bank.

undertaken on an experimental basis in the first year the Government clearly hopes that it will succeed and be underwritten eventually on a longer basis.

£25m. a year aid plan for inner city areas

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE Government yesterday published its proposals for a £25m. a year programme to encourage industry to expand in inner city areas.

such, it will be given the power to make loans at commercial rates for land purchase and construction work of up to 90 per cent. of the value of the land and building involved, whether or not the authority owns the land.

Industrial campaign wins more support

Financial Times Reporter

THE BRITISH Institute of Management's current campaign to improve industrial performance in the UK is being given increased backing.

Rail chief urges extra 14% on petrol tax

BY OUR TRANSPORT CORRESPONDENT

PETROL taxation should be restored to its 1975 values, a charge which would put almost 14p on a gallon, according to Mr. Peter Parker, the British Rail chairman.

for every such lorry covering 100,000 miles. "We would like to see some progress in eliminating that subsidy—perhaps over the same timescale that the Government wants us to eliminate our freight deficit."

Chemicals investment call

BY KEVIN DONE, CHEMICALS CORRESPONDENT

INVESTMENT in high-value organic chemicals must be considerably increased over the next few years if the industry is to have any chance of balancing its trade by the early to mid-1980s.

will be submitted in February to the National Economic Development Council as part of the Government's industrial strategy exercise.

Post Office plans £60m. exchanges for two cities

FINANCIAL TIMES REPORTER

TWO TELECOMMUNICATIONS projects, worth more than £60m., were announced yesterday by the Post Office.

the old Strowger-type electro-mechanical equipment with an initial capacity of 18,000 lines.

First Union General Investment Trust Limited

(Incorporated in the Republic of South Africa)

PRELIMINARY PROFIT ANNOUNCEMENT AND FINAL DIVIDEND DECLARATION FOR THE SIX MONTHS ENDING 31 DECEMBER 1977

The estimated unaudited results of the company for the six months ending 31 December 1977 are summarised as follows:

Table with 4 columns: Item, Six months ending 31 December 1977 (Estimated), Six months ending 31 December 1976 (Actual), Year ended 30 June 1977 (Actual). Rows include Net profit after taxation, Number of ordinary shares in issue, Earnings per ordinary share, etc.

NOTE 1 On 20 October 1977 shareholders were advised that as a consequence of the acquisition of control of the company by Liberty Life Association of Africa Limited and the Guardian Liberty Life Group the financial year-end of the company would be altered to 31 December 1977.

NOTE 2 The net asset value shown under 31 December 1977 is calculated at the close of business on 12 December 1977 and is fully adjusted for the payment of the special 5 cent dividend in October 1977 and the ordinary and preference dividends herein declared.

DECLARATION OF ORDINARY AND PREFERENCE DIVIDEND

Notice is hereby given that the undermentioned dividends for the six months ending 31 December 1977 have been declared payable to ordinary and preference shareholders registered in the books of the company at the close of business on 30 December 1977.

Table with 3 columns: Dividend, Number, Cents per share. Rows include Ordinary shares, 6 1/2 per cent cumulative redeemable preference shares.

The dividends have been declared in the currency of the Republic of South Africa and cheques in payment thereof will be posted from the offices of the Johannesburg and United Kingdom transfer secretaries on or about 31 January 1978.

In accordance with South African Income Tax Statutes, non-resident shareholders' tax at the rate of 15 per cent. will be deducted from dividends where applicable.

Cheques in respect of ordinary dividends issued from the United Kingdom office will be drawn in the United Kingdom currency equivalent on 24 January 1978 of the rand value of the dividend payable (less appropriate taxes), except where shareholders concerned have given written notice of their election to be paid in South African currency and such notice is received by the United Kingdom or Johannesburg transfer secretaries on or before 3 January 1978.

On behalf of the Board D. Gordon J. R. McAlpine Directors

Registered Office: 15, Van Riebeeck Centre, 38, Wolmarans Street, Bramfontein 2001, P.O. Box 10489, Johannesburg 2000.

14th December, 1977.

CHANCELLOR'S LETTER TO INTERNATIONAL MONETARY FUND Healey stands by £8.6bn. borrowing ceiling

FINANCIAL TIMES REPORTER

THE GOVERNMENT has reiterated its commitment to the existing public sector borrowing requirement ceiling of £8.6bn. in 1978-79 in a letter to the International Monetary Fund from Mr. Denis Healey, the Chancellor, published yesterday.

3—The successful application of the system of cash limits and the use of the contingency reserve as a means of keeping expenditure within the published plans have helped to establish firm control over public spending.

vinced of the need to provide a stable framework of financial policy on which to build an enduring recovery of the economy in the next year and beyond.

Unemployment This is the only way in which we can by our own efforts bring about a significant and sustained reduction in our present unacceptably high level of unemployment.

1977-78 and the first quarter of 1978-79 together to be within total of £7.7bn. earlier estimate for 1977-78 alone.

Money supply

In presenting the 1977-78 Budget the Government stated the intention of keeping Domestic Credit Expansion (DCE) in 1977-78 well within the limit of £7.7bn. set out in my letter of December 15, 1976 and of maintaining control of the growth of the money supply.

Productivity

The industrial strategy is intended to achieve a marked improvement in the trading performance of British industry at home and overseas.

Retail prices

The moderation of pay settlements, together with an improvement in our terms of trade and the pursuit of firm financial policies, has led to a marked slowing down in the growth of retail prices.

Selective

The Government has made it clear that it is prepared to consider the further use of temporary selective measures in particular industries which are suffering from a shortage of labour.

Steel hit by oxygen strike

By Roy Hodson STEEL production was hit by the British Oxygen strike of manual workers last month. Output during the month fell to 10 per cent. below November last year.

London's foreign visitor topped 9m. this year

MORE than 9m. overseas visitors came to London in 1977, compared with seven-and-a-half million last year. It was the second year in succession that foreign visitors outnumbered the capital's residents.

Refused

The judge's order will enable the take-over bid to go through. He said that the restricted shares were registered in the name of Montagu, as agent for Bank Julius Bar, a Swiss bank, for a customer or customers.

Index-linking urged for capital gains tax

FINANCIAL GAINS tax should be index-linked to compensate for inflation, according to the London Chamber of Commerce and Industry in a memorandum to the Inland Revenue.

Bankers rebuked for share secrecy

SAMUEL MONTAGU & CO. (Nominees), was rebuked by the High Court yesterday for not assisting a Department of Trade investigation to discover the ownership of a block of shares in Ashbourne Investments, dealings in which had been barred by the department.

Car sales may go up 8% as pay rises faster than prices

THE expected improvement in average incomes next year should lead to an increase of about 8 per cent. in the U.K. car market to a little over 1.4m.

Supplementary benefit 'rarely exceeds wages'

FINANCIAL TIMES REPORTER

FEW PEOPLE receive as much money in supplementary benefit as they would earn at work and when they do it is almost always because of the number of children to be supported, according to the Supplementary Benefits Commission.

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PARLIAMENT and POLITICS

UNION LEADERS' ROW

Tory skulking behind privilege—Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

MR. FRANK PETERSON, Secretary of the Conservative Party, said today that the Government would not expect Mr. Hastings to apologise in the Commons last night after being rebuffed by the Prime Minister.

Mr. Foot expressed surprise that Mr. Pym should have given a "shield or cover" to Mr. Hastings. He wondered whether Mr. Pym would have thought it proper to raise such matters in the House, or whether they were going to be mentioned in the way chosen by Mr. Hastings.

Mr. Foot replied that if Conservative MPs had been serious in wishing to have an inquiry they would have raised the matter in a different way. In a joint statement later, Mr. Hastings and Mr. Peter Blaker (C. Blackpool S.) made it clear that they intended to pursue the Frolik allegations. They called for answers to two questions: Does the Government already have tape-recordings made by Frolik? Why is the Prime Minister unwilling to set up the independent inquiry requested?

Heseltine complains of unfair rate burden on shire counties

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE WERE sharp clashes in the Commons last night when Mr. Peter Shore, Environment Secretary, told MPs that he was not seeking to impose limits on rate increases made by individual local authorities next April.

Under pressure from the Tories, he said it was up to the local authorities themselves to decide the level of rates in the light of the status which they placed on their services. Mr. Michael Heseltine, Opposition spokesman, protested that this was tantamount to the Secretary of State admitting that he did not care how much the rates went up and had no interest in the matter whatsoever.

When the new rate increases came in, he hoped the electors would bear in mind what Mr. Shore had said. The exchanges came as the House debated the order approving the rate support grant for the coming year. The Conservatives bitterly complained that it "flagrantly discriminated against the Home Counties."

Mr. Heseltine said there was a general willingness to accept constraints when the system was fair. But ratepayers of these areas could see no justice when their share of the burden was so disproportionate. According to the Tory spokesman, it was a case of "marginal constituency accountability" and he added: "The suspicion is that there is, at least, so much politics as need in the adjustments that have been made."

Liberals to meet on pact

By Philip Rawstone

MR. DAVID STEEL'S leadership of the Liberal Party will be put to a vote of confidence at a special one-day Liberal Assembly on January 21. Senior party officials decided yesterday to call the assembly to debate the future of the Liberal Party despite the recent agreement by Liberal MPs to continue their support of the Government.

Mr. Steel's political strategy will be strongly challenged by party activists who believe that it is now seriously embarrassing the party and causing it electoral damage. The Liberal leader has warned that if his policy were to be rejected, he would resign—a threat which, with a General Election approaching, may persuade the assembly to settle for the imposition of much lighter conditions on the agreement with the Government.

Party broadcast defended

MR. CALLAGHAN said the Commons yesterday of his very roundly condemning the racist and Nazi nature of the National Front.

In separate exchanges, Mr. Leo Abse (Lab. Pontypool) suggested a change in the law to allow the public to know if National Front members had criminal records.

Mr. Merlyn Rees, Home Secretary, replied that he was looking at the possibility of changing the Rehabilitation of Offenders Act, which forbids past convictions being made known.

M urges caution over Grunwick

MR. CALLAGHAN said the Commons yesterday that the Labour Party's anti-National Front political broadcast had "aroused some public interest—and some controversy as well."

Mr. Callaghan was replying to Mr. Andrew Faulds (Lab. Warley E.), who suggested that the Premier might visit Smethwick and "make a speech wick and make a speech very roundly condemning the racist and Nazi nature of the National Front."

Rees firm on fire equipment

MR. REES was replying to Mr. David Howell, Conservative front-bench spokesman, who warned that if the strike continued over Christmas, it would be a particularly risky time for those involved in fire fighting duties.

Services training criticised

MR. CALLAGHAN said the Commons yesterday that the Government's unwillingness to break down single-service units was "unhelpful."

The report added: "Our fear is that joint training may not be getting as far and objective a hearing as it should within the Ministry, even allowing for the fact that the scope for further rationalisation is limited."

State industry pay statement

MR. CALLAGHAN said the Commons yesterday that the Government's unwillingness to break down single-service units was "unhelpful."

The Government has concluded that at the present time a general increase of 5 per cent. with effect from January 1, 1978, is the most that can be allowed but that up to 10 per cent. should be paid to the lower paid members of the group, tapered so as to ensure that the lower percentage applies at salaries above £3,000 a year.

The Government recognises that this will still leave nationalised industry Board members behind their counterparts elsewhere. They will wish to look again at the situation when the Review Body on Top Salaries makes its next recommendations in April, 1978.

Howe warns on false oil hopes

BY RUPERT CORNWELL, LOBBY STAFF

SIR GEOFFREY HOWE warned yesterday that politicians must avoid raising false expectations of the benefits that will accrue to the country from North Sea oil.

In a speech in London, the shadow Chancellor claimed that only two years' time would the net foreign exchange cost of oil to the U.K. fall below the level of 1972, and on present assumptions Britain's oil balance would be back in deficit within 15 years.

Meanwhile, the maximum Treasury revenue from oil, when production was at its highest, would be no more than £3.5bn. a year—less than the sum needed to reduce the real burden of personal taxation to what it was at the time of Lord Barber's last budget in 1973.

Japanese parts in gift clock

MR. WERE surprised to learn yesterday that the works of a clock which the Commons is presenting to the new Parliament of Papua New Guinea were made in Japan.

Continental Bank of Chicago is a leader in foreign exchange services.

Continental Bank is in the United Kingdom for many reasons. One of them is to provide your business with knowledgeable and competitively priced foreign exchange services.

FINANCIAL TIMES BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4A 3DF

Tackling long-term snags in incomes policy

BY DOUGLAS JAY

SOME COMMON sense is at last beginning to creep into the debate on incomes policy. The Prime Minister confessed on December 1 that "as for free collective bargaining, I ceased to worship that ten years ago," and added that "there must be continuing discussion about ways and means of improving the system." Mr. David Bennett of the General and Municipal Workers Union has been bolder, and suggested that for the public sector a new TUC Public Services Committee should be set up, together with "permanent review bodies to replace one-off emergency inquiries."


It took 1974 and 1975 to convince the country that "free collective bargaining," or more accurately *laissez-faire* in collective bargaining, leads in the conditions of the 1970s to price inflation beyond what the public will tolerate. It has taken 1977 to demonstrate again that a single rigid increase for everyone is unworkable, because it soon distorts relativities too drastically.

Do we now have to go round the whole circle again? Or is there a chance that in 1978 a general understanding will be achieved that (1) you cannot have full employment without an incomes policy; and (2) you cannot have an incomes policy without some independent referee to decide who gets more or less than the norm? For if such a policy is to succeed, it must do two things: first, keep down the average pay increase to somewhere near the real growth in the economy; and secondly, allow the relativities to move in the way that supply and demand for manpower require.

All this merely follows from the fact that if money incomes rise faster than the supply of goods and services available, prices must go up. If *laissez-faire* collective bargaining did not provoke a pay inflation exceeding this limit, there would be no problem. In the 1940s and the 1950s it scarcely did, probably because the trade unions had not yet realised the power which full employment gave them. But in the 1970s, and not just in the U.K., pay rises, partly but not wholly provoked by the oil price explosion, began to greatly exceed the possible real economic growth. In these new circumstances there are three practical courses open to the managers of an industrial economy. First, they can hold down the quantity of money so tightly that most employers cannot grant major pay increases at all. It is no good denying that this would lead inexorably nowadays to prolonged depression, unemployment, strikes and stagnation which would be a national disaster for the U.K. secondly, they can combine recent debates in the Commons *laissez-faire* collective bargaining on the pay of the police, and This would very soon be swamped by protests that in the public sector was controlled and in the private sector was not. If therefore we are to stay away from the present absence of settlement by chronic and political controversy, we are forced back to the light of the last 10 years' experience, to the conclusion that an independent body or tribunal without statutory powers is the only viable long-term solution. A tribunal should naturally be only last-resort major disputes not soluble by normal means. But it must have the power to give rulings as well as facts. Progress towards this in the last few years has been back partly by the misbelief that such a tribunal have statutory powers, not practicable in the present time; and certainly in the absence of powers a recalcitrant group in extreme cases defies a tribunal's ruling, especially happily shows that statutory powers cannot prevent defiance either. What a tory system can do is to put the greatest possible authority behind an award. The other objections raised to this sort of system have now worn very thin. Still, maintain that the argument of a national pay tribunal has been tried and failed in fact the record proves the opposite. The Prices Incomes Board of 1955-71 achieved growing authority success when it was so undisciplined in 1971; and the 1974 system of the Industrial Relations Act under Mr. Callaghan suffered from its fatal flaw with the powers of employers to take strikers to court. Secondly, we are told that TUC and unions generally, not willing to accept any system. But if the object is the best long-term solution, major national problems simply that some people are yet convinced of its necessity the remedy is to convince them and not to give up the post as hopeless. And in 1978 in this case the only practical alternative is either an unworkable Stage 4 of pay policy, or renewed inflationary spiral galloped as a dash for freedom.

Recent debates in the Commons on the pay of the police, and the firemen especially, have shown yet again that decision by political argument on competing claims is nearly as unworkable as if Parliament were to try to take over the job of the Courts. Give this task to Ministers or to Parliament and they will attract heavy political pressure from each group in turn, will usually give way to this pressure, and before long land the country back in accelerating price inflation and party controversy.

This announcement appears as a matter of record only.



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Hartford National Bank and Trust Co.
National Bank of North America
Seattle-First National Bank • Security Pacific Bank
Shawmut Bank of Boston N.A. • Wells Fargo Bank N.A.

Agent

Wells Fargo Bank N.A.



November, 1977

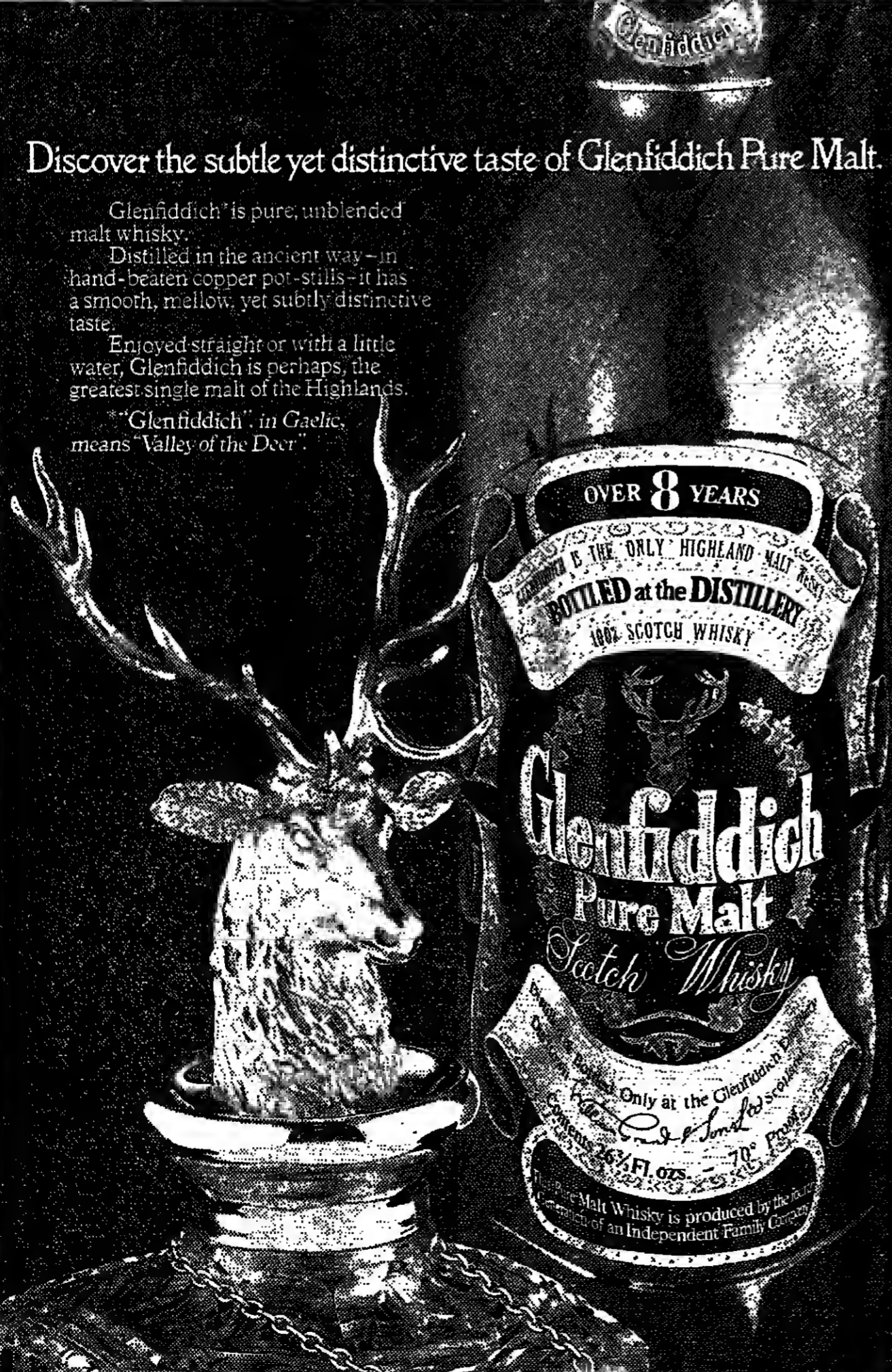
Discover the subtle yet distinctive taste of Glenfiddich Pure Malt.

Glenfiddich* is pure, unblended malt whisky.

Distilled in the ancient way—in hand-beaten copper pot-stills—it has a smooth, mellow, yet subtly distinctive taste.

Enjoyed straight or with a little water, Glenfiddich is perhaps, the greatest single malt of the Highlands.

Glenfiddich, in Gaelic, means "Valley of the Deer".



FINANCIAL TIMES MANAGEMENT DIARIES



The best way to be remembered through 1978

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JAY

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Controlling the flow of current

TESTS carried out at KEMA in the Netherlands have shown that recent developments at ASEA's Ludvika high current laboratories to improve the performance of circuit breakers so that they will now be possible to use lower of these for comparable duties, have been successful.

The machines are pressurised minimum types operating in the range 120 to 420 kV and they have sealed, permanently pressurised extinguishing chambers so that the arcs formed on opening do not oxidise the oil that pick-up of moisture is prevented.

Following the improvements, breaking current has been raised to 65 kA from 50 kA and a new breaking unit for 25 to 35 kA for 145/170 kV.

Solid core insulation to earth direct mechanical operation of the breaker contacts are used. Intervals between placement of the contacts and oil are extended and ASEA claims that in normal service conditions only one overhaul in ten years would be required.

In the meantime, ASEA has taken a licence from Japan's Toshiba company for the manufacture in Sweden and elsewhere except Japan of the ZNR surge arresters for power distribution and power station applications using Matsushita patents and know-how.

Where in conventional resistors current rises in linear proportion to the increase in applied voltage, with the ZNR, current is suppressed up to a predetermined voltage, after which level the current starts to flow.

The units based on this design, made of fine zinc oxide powder with certain additives, sintered at high temperature, have been used in colour TVs, microwave ovens and other appliances. Now, however, their application has extended into the heavy current areas such as lightning arresters on power distribution lines.

Further from ASEA, Villiers House, 41 Strand, London WC2N 5JX. 01 930 5411.

Practical wind power

An Australian-designed Davey 10 kilowatt wind generator is to be made available in this country by Pye Telecommunications. Over 100 of the units have now been installed in many parts of the world to generate power for navigation aids and other remote areas.

The variable-pitch propeller is an alternator with built-in bridge rectifier through a motor. The customary tail-fan makes the correct heading into the wind. The unit is mounted on a turntable pivoted on a fixed base, with electrical

transmissions to the latter via slip rings.

The generator delivers power at a wind speed of 4.5 metres/sec. (10 mph) and reaches full output at 11 m/sec. (25 mph). Speed is governed by weights on the propeller assembly which operate centrifugally to feather the blades at higher speeds. The 4 metre (13 foot) diameter three-bladed propeller can withstand windspeeds up to 36 m/sec. (80 mph).

The company advises use in conjunction with batteries with an inverter. More on Cambridge 61222.

Wind energy and gas bearings

with gas bearings has also been published by BERA Fluid Engineering. Improved design and increasing emphasis on commercial viability have enabled gas bearings to compete with conventional types for both general and specialised applications, for example, in navigational equipment, turbo-machinery, machine tools and metrology.

Many of these applications, covering both the practical and academic aspects of instrumentation, surface phenomena, porous and self-acting bearings, as well as theoretical and experimental design aids are described in the 28 papers which have been included in the Proceedings of the Seventh International Gas Bearings Symposium (Cambridge, July, 1977).

The 382 page A4 volume costs £18.

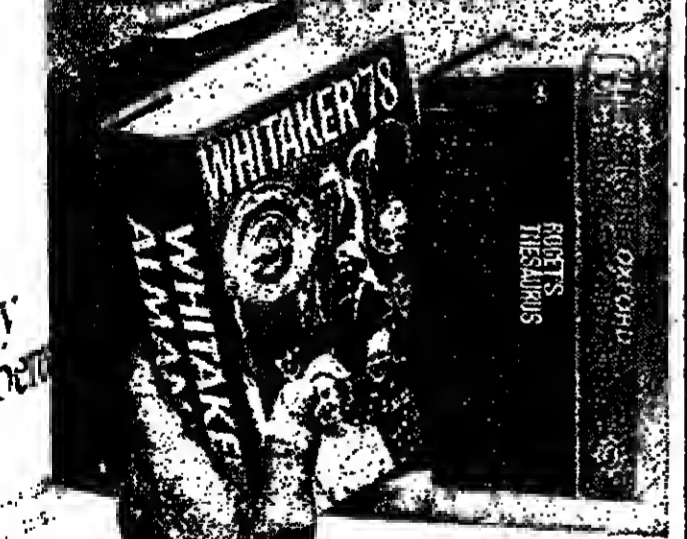
Guide for beginners

"COMMERCE and industry are littered with failed computer installations"—is possibly the best way to start a beginner's (management) guide to computing for small businesses. It is in the initial sentences of a compilation of papers written in simple terms to help people who have to make company decisions. One text will help a man running a medium to small organisation to decide whether or not to computerise and provides a helpful checklist of all the points which have to be debated in order to arrive at a marshalling of all the relevant details which must influence a decision.

Ample stress is laid on such assertions that "a first-time user should not consider a computer because he believes, without any real evidence that it will save staff or money. It might, but it is less common than many people believe, and requires good planning to make it happen". This is becoming well established fact so far as the computing fraternity is concerned.

Other texts in the report explain as simply as possible about such important things as how to approach purchase, how to use of bureau facilities; modifying facilities that may be needed in a company structure; financing; second-hand machines; operating costs and how to work them out; maintenance; privacy and last, but certainly not least, how to keep control of a computer system.

Backed by the Data Processing Management Association, the book is available through Input Two-Nine, 7, Banstead Road, Purley, Surrey, CR2 3ER.



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CONFERENCES

Control of toxic substances

UNDER IMPENDING legislation, chemical companies will have to give official notification of toxic properties of all new substances to be used in their factories.

Oyez-IBC has seized the opportunity to set up a one-day conference to discuss the problems involved and the speakers will include A. G. Wilkie, senior chemical inspector of chemical factories.

Details can be obtained from N. G. Coles, Oyez-IBC, Norwich House, 11-13 Norwich Street, London EC4 1AB (01-242 2481). The conference will be held on February 17 at the Central Electricity Generating Board, 15 Newgate Street, London EC1.

Energy in housing

A ONE-DAY conference, Energy Conservation in Housing, is to be held by the British Woodworking Federation at the Cavendish Conference Centre, London on January 18. It aims to review the current world-wide energy position and the likely sources of energy which will be available over the next few years. Detailed consideration will be given to timber frame housing as a contribution to energy conservation.

Speakers will include Sir Frederick Catherwood, Professor C. Robinson, Professor of Economics, University of Surrey, and Dr. T. J. Wilshire, Lecturer in Building Science, Newcastle University. Mr. T. S. Mallinson, chairman of the Timber Research and Development Association, will preside.

The conference fee is £35 plus £2.50 VAT and details are obtainable from the Building Advisory Service, 18, Mansfield Street, London W1M 9FG (01-636 2882).

TEXTILES

Quality of worsteds maintained Squeezes out the last drop

MAKING textiles differs widely from the outside of the between various countries, but there are also variations between cotton and wool and filament and spun staple cloth manufacture. Possibly the most skilled is that sector devoted to handling wool, either as worsteds or woollens.

Because of the special properties of this natural fibre, the wool trade is still very much craft-oriented. But gradually, skills are being overtaken by the new technologies and even mass production.

When a worsted suiting has been woven—usually from coloured yarns—it has to be finished, and this involves scouring to remove oil used as lubricants, after which it has to be inspected and repaired if there are small faults in it, after which it will be brushed and cropped before finally being dyed, or decolourised.

Decolourising is a very old system of pressing and in the old hutch system, a length of cloth comprising several pieces is wound up on a perforated roll and between a special blanket. Once the roll is complete the whole package is blown. This means that steam is blown under pressure from the inside of the roll to the outside, thus imparting the fabric its eventual finish. The problem with this treatment is that it is a batch system and one that is hard to automate or convert into a continuous process; in addition to which there can be variations in the degree of finish between the centre of the roll and the outside.

A completely new and continuous finishing system has been developed in Yorkshire and is coming into commercial operation at Hield Brothers (Briggate Mills, Bradford, BD5 0QA. Tel: 0747 71181) where worsted fabrics can be given a completely consistent finish that can be reproduced at will and at speeds up to 20 metres/minute.

Fabric is guided into a three-head Drabert shearing machine that crops away any superficial fibres and other faults with one cut on the back and two passes across the face. Where two pieces of fabric are sewn together, the machine automatically detects them and raises the cutters automatically to allow them to pass through untouched.

From this point the fabric is "dewed" to ensure it has exactly the correct moisture content. The deating then follows by passing the fabric into an Ekofast chamber which has been supplied by Mather and Platt (Park Works, Manchester, M10 6BA. Tel: 061-265 2321). In this machine the fabric is sandwiched between continuous belts of Nomex heat-resistant nylon and an impermeable belt of glass fibre coated with p.t.f.e. Steam is injected into the chamber at high temperature and high pressure while the fabric is being pressed against a set of three rollers and so given a finish that will remain throughout its life.

This new treatment allows Hield to guarantee a consistency of finish such that there will be no visual difference in a number of different pieces. Production has been substantially increased and is completely reproducible. The development which has been achieved by close collaboration between Hield Brothers and Mather and Platt has taken five years to come to full commercial realisation, but now that the system is running it has been greeted by the Yorkshire trade and makers-up as a major advance in the technology of finishing high quality worsteds.

PROCESSES

High speed winding

LATEST COIL winder from Rotawinder is claimed to provide a capacity and productivity equal to that of much larger and more expensive carousel machines.

It uses a conical tunnel winding technique to fly wind (that is, wire is wound round a stationary bobbin) at 30,000 rpm on four levels simultaneously. It is claimed that this high winding speed reduces cost by halving the number of spindles required for any given production.

Further cost savings are obtained by using a manually operated two-position turret instead of automatic indexing. The turret has two vertical posts, each with four mandrels which carry the bobbins. The operator swings these posts alternately into place in front of the winding cones. As the bobbins on one post are being wound, the operator removes and reloads bobbin on the other post.

Each block of four sets of tooling can be plugged and re-plugged in minutes when changing to another coil specification. The angle winding head needs only one set of adjustments for number of turns, coil length and winding pitch. The machine can carry up to four reel forests of 80 lb capacity.

The maker is at Forest Road, Hainault, Essex IG8 3EH (01-501 0921).

Simon takes a Honeywell

ICL HAS lost another major site—Simon Engineering, of Stockport—which has signed for a large scale Honeywell Level 66 computer along with seven Level 6 mini-computers, 50 video terminals, and a range of peripheral equipment valued, in total, at around £1m.

Simon has elected to go from a centralised computing policy (based on an ICL System 450), to a computing strategy that retains a central processing force but also provides group subsidiaries in many parts of the U.K. with their own processing capability, in line with its policy of management decentralisation.

Because of the group's structure, its computing demands called for a system capable of mixed-mode performance providing batch, time-sharing, and transaction processing as required.

BANKING

Keeps track of cheques

COMMERCIAL banks, which are required to keep a visible record of cheques and documents can do so as a by-product of their normal operations with a microfilming unit from NCR which can be added to the company's model 775 or 7750 proof systems.

These are used in the initial stages of cheque processing. Steps performed include double-checking the totals on deposit slips, printing amounts in MICR (Magnetic Ink Character Recognition) numbers at the bottom of cheques, and sorting the cheques according to their destinations.

NCR 7555, document microfilmer, which is 16 1/2 in. by 32 in., fits between the operator console and the document sorting pockets of NCR proof systems. The unit records images of both the front and back of a document. It can microfilm about 14,000 cheque documents on a 100-foot film roll. The microfilmer operates at the normal speed of the proof system and photographs at a rate of about 100 inches of documents per second.

Options include consecutive numbers and image-count marks with each image to provide faster retrieval of microfilmed documents.

NCR on 01-723 7070.

COMPUTERS

Close watch on the power grid

NORTH WEST region of the CEGB has installed, and is running a new £1m. computerised control system provided by the Data System's Division of I.T.T. Business Systems.

First of a new standardised design adopted by the Board, it is based on I.T.T. computer-based message and data-switching technology. This complex hardware/software project was designed by CEGB engineering staff in consultation with I.T.T. specialists.

The new system replaces electro-mechanical equipment, and provides data displayed in an accurate and flexible form for the grid-control engineers.

In essence, the system provides the ability, using visual display units, to monitor and control the bulk distribution of electricity from the Region's grid control centre at Bramhall, Cheshire. The VDUs give the grid control engineers instant access to the information that is being continuously fed in from the supply system.

Data relating to the state of switchgear and the power flows is processed and displayed to the grid control engineer on the screens and mimic wall diagrams.

This telecontrol equipment also responds to the interrogations and instructions fed into it by the control engineers—the first-time that facilities have been provided in a CEGB grid control room for the remote control of switchgear at a number of grid and supergrid substations. This provision is to enable a pilot project on remote control from a grid control centre to be carried out, which will show whether or not the exercise is feasible or desirable.

A measure of the region's satisfaction can be gauged from the fact that they have ordered a further 22 remote terminals, which will enhance the capability of the system and meet the region's requirements into the mid-1980s.

CONFERENCES

Simon takes a Honeywell

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MATERIALS

Down to earth

MATERIALS for the electronics industry designed to protect integrated circuits and other devices from damage by static electricity are to be marketed by Surrey Electro-Materials.

The materials are embodied in complete work stations used for the assembly of static-prone components. These stations have conductive plastic, hexaponto conductive floor mats and wrist straps for earthing the operators. The whole work station assembly is also connected to earth.

Other products to become available will be sheets of conductive foam and "grounding" straps in 50 feet lengths, component trays and bags with warning labels. Anti-static products specially designed for hospitals and chemical factories are also planned.

Details of all these products can be obtained from the company at Surrey House, London Road, Staines, Middx. TW18 4RW (Staines 61399).

HANDLING

Swiss pallet system

AN AGREEMENT has been concluded between Weipal AG of Zurich, Switzerland, and Fenamex for the latter company to make and market the Rollax system of pallet live storage and transportation.

Briefly, the system is based on unit loads placed in simple frames, each fitted with four wheels, enabling the pallets to be moved without the need for roller conveyors.

For a live storage system the pallets can be mounted on rails, and will roll along a slight incline—a device prevents braking, sticking or starting problems, irrespective of mixed pallet weights. For storage the rails can be placed in tiers.

The pallet frame can be handled on conveyor systems, forklift trucks, or stacker cranes in the normal way. The wheeled frames are stated to be capable of accepting any type of pallet or stillage.

Details from Fenamex, Sutton Road, Hull HU8 0DR (0482 781211).

Is what the manufacturers say about their new telephone systems...

All talk?

To meet the global demand for public telephony, leading telecommunications companies - including Philips - are offering a range of sophisticated computer-controlled switching systems which, it is claimed, will satisfy all present and future needs in terms of system flexibility, convenience, reliability and, last but by no means least, economy.

A formidable choice for national telephone administrations. But are these claims all talk? Can they be supported with experience in the field, or are they based on experiments in the laboratory? In fact, are these new systems actually in production, or are they still in the process of development?

So far as Philips claims are concerned, our stored-program controlled PRX exchanges are presently serving over one million telephone subscribers worldwide. In Holland PRX exchanges are being integrated into the national telephone network at the remarkable rate of one per week. And many more are being installed, or are already operational, in Peru, Brazil, Jersey, Aruba and Indonesia. Customer-reported availability factor on PRX exchanges installed over the past six years is a phenomenal 99.999% - and the resultant savings in maintenance and service costs are equally as impressive.

Moreover, while being right for the present, Philips' PRX is ready for the future. For the inevitability of digital telephone transmission has been 'designed-in' to the system, allowing an economic and gradual transition to digital performance via an evolutionary rather than a revolutionary process.

PRX ringing the changes in telephony

Philips Telecommunications

PHILIPS

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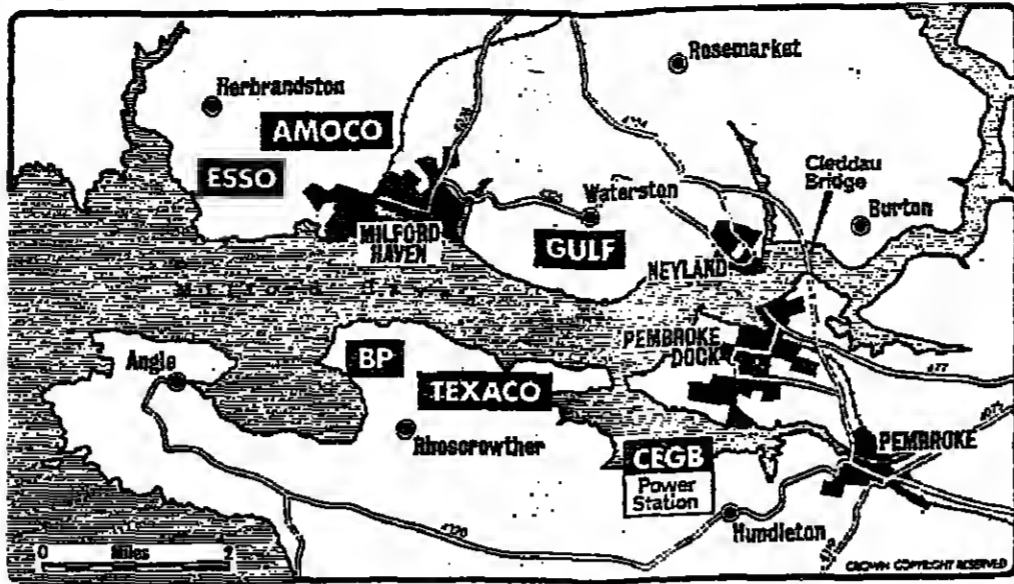
BY ANTHONY MORETON

APPOINTMENTS

Senior changes at Hill Samuel

Why the euphoria has dried up

FOR THE first time an air of reality surrounds discussion of what is happening in the Celtic Sea. After successive waves of euphoria and despondency during the past five or six years it is now accepted that this area is not going to be another North Sea bonanza. Such a view has long been held by the oil industry: what is new is that it is now also accepted by the onshore operators. Only the Department of Energy has resolutely refused to accept the inevitable, but the way in which licences have been steadily relinquished this year must surely have driven the lesson home even to the officials in London.



U.K. were constructed with the fuel-oil market as their main buyer. But following the rapid increase in the price of crude after the 1973 Arab-Israeli war the market for heavy fuels has contracted as the Government's Save It campaign and the depressed state of the economy have cut back demand. At the same time, demand for lighter, refined fuels such as petrol and diesel are now seen as being relatively more important.

Sir Rowland Wright is to join the Board of ASSOCIATED PORTLAND CEMENT MANUFACTURERS as a non-executive director on January 1. At the same time Mr. A. D. Sibley and Mr. K. W. Court will become directors of the Board of the end of this year. It is intended that Sir Rowland will take over the chairmanship of APCM next May from Mr. Anthony Elmy, who is to retire from that Board after the annual meeting.

Standing on the Cleddau Bridge and looking down on Pembroke Dock on one side of Milford Haven and the town of Milford Haven itself on the other, one could be forgiven for thinking that there was still a lot of activity taking place out at sea. But this activity is more a tribute to the way in which the local companies—and there are more than 60 of them—have hoped to be associated in some way with the exploration—have diversified, so that their base now covers general engineering, marine and shipbuilding work. Still, it is work with a fragile base. As one operator put it to me this week: "We are not dead, but we are not thriving either." And another stated that if oil came it would provide the jam to go with the bread—and hit the business already in existence.

Others which have also pulled out include Tricentrol, Phillips, Elf-Aquitaine, Siebens Oil and Gas, and Gulf Oil. Virtually all these left in haste against a regulation which lays down that operators must give six months' notification of plans. The normal North Sea notification time is a month. What makes Cardigan Bay, especially, and a lot of the Celtic Sea "hot" is that it is an area of high defence activity. The Government will not admit that this has anything to do with drilling regulations but it is common knowledge that there is a guided missile firing from a base at Aberporth; that the Americans have a hydrographic survey unit on the coast; and oil company drills interfere with defence listening posts.

Gulf, Texaco and Amoco service the whole of the U.K. market (and some of the European) from the Haven and so crackerers are essential to them if they are to cater for the changing market.

Mr. N. Copson has been appointed a director of LONDON SCOTTISH FINANCE CORPORATION and Mr. A. S. Breen has retired from the Board. Mr. A. J. Harvey Wood, DFC Group legal adviser, has been appointed to the additional post of executive director, DFC GROUP SERVICES. Mr. V. L. Bona has been appointed to the additional post of SWITZBEAR as finance director. Mr. T. F. Kelly has also joined the Board and will be director of manufacturing. Mr. Kelly was previously works manager, U.S. Corporation, Dundee.

Realism. Even more important in inculcating the present air of realism has been the way in which the companies have relinquished their licences and, in some instances, their shore installations. When the 44 original licences were first issued Shell took 12 and Premier Consolidated eight. Shell drilled in two blocks: 102/28 in the summer of 1973; and 103/18 last November and December. But both were abandoned after they were found to be dry. This led to the group downgrading its patch. The company came to the conclusion—from its seismic survey and well reports exchanged with other operators—that there was very little prospect for that part of the area over which it had licences. Shell has not only had the largest single number of licences, the Celtic Sea, gave the locals but it has spent the most in the something to hope for by its Celtic Sea—approximately £3m. surprise move. It was only out of some £14m. laid out there.

Contract. The main construction contract for the plant has been awarded to Snamprogetti, one of the principal subsidiaries of ENI, the Italian state oil giant. Snamprogetti has never built a major project in the U.K. though it has undertaken contracts for the oil, chemical and nuclear industries in many other countries. The cracker will have a capacity of 65,000 barrels a day and should be in operation early in 1981. The core of the workforce will amount to 1,200 men though as many as 2,800 will be in action at the peak. When completed, the cracker will provide long-term employment for about 270.

If the early soundings are confirmed and there is no oil off the Welsh coast, then the offshore suppliers will be doubly hit. They will have lost a potential market on their doorstep and be that much further away from anything which turns up in the Western Approaches, the next area of sea under British suzerainty to which attention will turn.

Mr. Warren White, who recently joined Hill Samuel from the Bechtel Organisation of San Francisco, continues as head of the Project Finance Division. Mr. R. E. England and Dr. J. Rorke have been appointed joint managing directors of the VICKERS OFFSHORE ENGINEERING GROUP. Sir Leonard Redmond will relinquish his position as non-executive chairman of the group on December 31. Dr. Rorke, who is already responsible for Brown Brothers and Co. and John Hastie of Greencoat, will now be in charge of Vickers Offshore (Projects and Developments). Vickers Silingsby, Mr. England will continue to control Vickers Oceanics and in addition will be concerned with the group's marketing to the offshore industry.

PROGRESS REPORT BY THE WILSON COMMITTEE ON FINANCE FOR INDUSTRY AND TRADE SAYS:

Let tax concessions help the small businessman

BY MARGARET REID

A RANGE of proposals for helping small firms, particularly through tax concessions, assistance with raising share capital and financial advice, are reviewed in the progress report on the financing of industry and trade by the Wilson Committee on financial institutions. More generally, the report, published yesterday, says that financial institutions do not believe that shortage of finance has restricted industrial investment—the inadequacy of which is rather blamed on economic conditions and Government policies—but it notes that the TUC and the Labour Party adopt a more critical stance. Conclusions and recommendations are not put forward at this stage by the committee, headed by Sir Harold Wilson, which is still at work on the first part of its study, concerning finance for industry and trade. In the first half of next year, its inquiry will be carried forward into wider aspects of the functioning of the financial institutions, including their regulation and supervision, the part to be played by the public sector

benefit of North Sea oil is to be used to rebuild the industrial base. It will require a closer relationship between Government, industry and the financial institutions than has existed hitherto. The TUC argue for a greater role for Government agencies. The evidence of national executive committee of the Labour Party also criticises the existing system. They say that financial institutions in the U.K. are too cautious in their attitude to lending, and that the solution lies in an extension of public ownership. However, many witnesses

contracts for new equipment or bank lending; long-term loan and institutional investment. 3—An "innovation insurance corporation" providing Government-backed guarantee capital (say) 80 per cent. of bank loans for new ventures; 4—A "high risk lending support fund," financed by a levy on overdraft lending, to which the banks would refer propositions which they were not prepared to accept themselves; 5—Underwriting by ECGD of (say) 80 per cent. of the additional funding for working capital needed when a firm enters a new export market; 6—Government support for leasing by small companies, and further Government support for consultancy expenditure; 7—An information office to put new technology-based firms in touch with appropriate sources of finance; 8—Changes in company legislation to make it easier for large firms to invest in smaller ones and during their development phase and "boast" them off again when they are more mature.

MANGANESE BRONZE HOLDINGS LIMITED. Extracts from the Report and Accounts to 31st July, 1977. Table with columns for 1977 and 1976. Rows include Issued Share Capital, Consolidated Reserves, Group Turnover, Profit on Trading, Interest, Profit before taxation, Taxation, Profit after taxation, Extraordinary items, Profit after extraordinary items, Earnings per Ordinary Share.

The opposition. The evidence of national executive committee of the Labour Party also criticises the existing system. They say that financial institutions in the U.K. are too cautious in their attitude to lending, and that the solution lies in an extension of public ownership. However, many witnesses

describe it as more serious than any shortage of loan capital; it is not clear what specialist bodies as FTL Equity Capital for industry and others offer in this field. It then says: "We have heard differing views on whether setting up new institutions to help small firms would serve any useful purpose. Some submissions have argued that it would not; the existing bodies have not found it particularly easy or profitable to help small enterprises, and several—such as merchant banks—who have attempted it in recent years have given it up. Other submissions however have argued for new agencies in most cases involving an element of Government guarantee or subsidy. The committee describes a recommendation that the banks should relax their rules on security and increase medium-term lending to smaller concerns—with the backing of a Government-backed guarantee system—but adds: "We must record that the overwhelming impression given by the evidence is that the overdraft is a relatively cheap and convenient form of finance for the small business and that sound and profitable companies seldom have difficulty in getting the facilities they need." Several witnesses suggested interest rate subsidies or Government guarantees to encourage medium-term lending to small firms, arguing that it is in the long-run national interest to stimulate this sector. The Confederation of British Industry, for instance, suggested exploration of the possibility of refinancing—at the Bank of England—for medium-term lending; the establishment of a body like the U.S. Small Business Administration, an interest rate subsidy for very small firms as an interim measure while the problems of tax and inflation are being dealt with; and an improvement in the facilities for financial technological risk.

Two highlights of the Wilson Committee on the financing of industry and trade point out that financial institutions do not believe that shortage of finance has restricted industrial investment—but the TUC and the Labour Party adopt a more critical stance.

PICCADILLY LINE. The advertisements below appear in association with the following pages on the Piccadilly Line. ALLEN (FENCING) LIMITED. Upside Goods Yard, SECURITY FENCING, Birch Walk, West Byfleet, AND GATES, Surrey. Byfleet 49607. Members of the Fencing Contractors Association since 1951. RUPERT DORGAN CONTRACTORS LTD. EXPLOSIVES EXPERTS (Licensed)—Nation-wide Service. BLASTING—close proximity, reinforced concrete, underwater, thermic boring, intricate blasting. LAND DRAINAGE SPECIALISTS. BIG WOOD HOUSE, WOKINGHAM, BERKS. Telephone: Wokingham 781740. Contractors to H.M. Government and Local Authorities.

Addressing itself to an argument often heard on the political Left, the committee says: "The investment of funds, possibly with toppings by Government, in the case of need, should continue. Some of our evidence, the committee notes, has argued that the U.K. should adopt the French system of pay-as-you-go—under which current benefits are financed by current contributions, and the actuarial relationship between an employee's contributions and the pension he will eventually draw is regarded." But, says the report, many witnesses, including the National Association of Pension Funds, argue against change to pay-as-you-go. In a section devoted to the problems of smaller firms, the committee says that over half the papers received referred to the difficulties or special features of small firms, many saying that the same are problems of the supply of finance to industry. This is where they are likely to be found. The risks. Summarising the main points put to it about small firms, the committee says proposals for easing of tax burdens were advanced with particular force in relation to the decline of this sector. "We have been told that high taxation has made it more difficult for the owner of a business to accumulate capital out of income; has discouraged the personal investor in companies, his proportionate ownership of share capital having fallen from 54 per cent. in 1963 to 37 per cent. in 1976, as that the risks and has weakened the role of the private investor in the stock market, so making

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FINANCIAL TIMES REPORT

Friday December 16 1977

HEATHROW RAIL LINK

With the new extension to the Piccadilly Line being opened to-day London's Heathrow Airport becomes the world's first international airport to have its own underground link with a major capital city.

Easing the frayed nerves

By Michael Donne

WHEN THE Queen formally opens the new London Transport underground rail link into the Central Area of Heathrow today she will be inaugurating development that could revolutionise travel to and from the world's busiest international airport in the world.

At present, Heathrow caters for about 24m. passengers a year, a figure that is expected to rise in the years ahead by an average of about 8 to 10 per cent a year. Together with the "pick up and set down" passengers—and spectators, it is estimated that already well over 55m. people move into and out of Heathrow every year, the vast majority of them by air.

In terms of passengers alone, Heathrow ranks as the world's busiest individual airport, with some 20m. of its total traffic making international journeys of various lengths.

Currently, all of this traffic, whether it comes from the sea, by air, is fed into and out of the airport on the ground, through the tunnel that links the Central Terminal area

with the M4 motorway, the A4 road and other highways on the northern side of the runway pattern. Only on exceptional occasions has the other tunnel, normally reserved for cargo and other restricted types of business, been temporarily given over for passenger use. The result, inevitably, is frequent congestion on the road system to, from, and in the Central Area of the airport, with long delays resulting in frayed nerves and tempers, missed flights and lost time and money.

It is hoped that the new underground rail link will change all that. The new link is in effect an extension of the existing Piccadilly Line from its former terminus at Hounslow West station, into Hatton Cross (on the South-East corner of the airport, where all the British Airways headquarters, maintenance and engineering facilities are), and then under the airport itself into a new station in the Central Terminal area. The new station is linked directly with the three main passenger terminals by long subways, each with a "moving walkway" to make life easier for passengers with heavy baggage.

It can be argued that this new link should have been built years ago—and admittedly it was suggested more than 20 years ago by the responsible Minister of the day that one of the first priorities for the "new Heathrow" ought to be linking it into London's underground system. The words fell for a long time on deaf ears or doubting minds. Certainly, when Heathrow was first developed in the late 1940s and early 1950s it was never thought possible, in the Government departments of the day that were responsible for the planning, that air travel would expand at the rate that it subsequently has.

This lack of long-term confidence in air travel at that time was primarily responsible for the decision to adopt the Central Area concept for the airport, with all the main terminals in the centre of the runways,

linked to the outside world by the tunnel, with the resulting steady increase in congestion and design and development difficulties on new terminals and other facilities owing to lack of available space.

While at long last, an effort is being made to break out of this restrictive situation, with the British Airways Authority's plan for a fourth passenger terminal on the southern edge of the airport, the fact remains that for many years to come, the bulk of the traffic at Heathrow will still have to use the Central Area.

Capacity

If the current rate of growth is maintained through the rest of the 1970s and beyond, it seems likely that by the mid-1980s, the number of passengers using Heathrow will rise to about 32m. a year. If the fourth passenger terminal (intended to provide capacity for another 8m. passengers a year) is approved—and it is currently the subject for an impending Public Planning Inquiry—then Heathrow's capacity for the mid to late 1980s will be around 40m. passengers a year.

Beyond this, it was originally thought that there might also have to be another terminal, Number Five, built at Perry Oaks at the Western edge of the airport, to cater for any further expansion in traffic beyond about 40m. passengers a year. This idea now seems to be almost ruled out of the British Airways Authority's forward planning, on the grounds of the heavy expense that it would entail, and the difficulties in developing an adequate surface infrastructure at that end of the

airport, but more particularly because of the environmental problems that it would entail. Terminal Five, in fact, is not considered viable, and the BAA is not now likely to press for it.

In the meantime, therefore, the British Airways Authority, pending Terminal Four, has to think in terms of a potential traffic volume of some 32m. passengers a year moving into and out of the Central Area alone, which, together with the spectators, visitors and staff of all kinds serving the airport, will mean a total of close to 50m. people a year using the Central Area. Already, at peak periods, some 30,000 vehicles a day move into and out of the Central Area (or about 11m. vehicles a year) and this figure could grow steadily as the overall passenger traffic at the airport rises in the years ahead.

Thus, there is not, and never has been, any doubt as to the need for a rail link of some kind. Various ideas have been canvassed over the years, including the possibility of extending the British Rail Southern Region line from Waterloo directly into the airport through a tunnel under the runways. This idea, although not yet entirely dead, has now been pushed into the background in favour of the London Transport extension of the underground rail system, which enables Heathrow to be directly "plugged in" to the entire underground transport system of metropolitan London.

While several major cities throughout the world already have surface rail links between their airports and the centre of town—Gatwick, with its BR rail link to Victoria, Brussels Airport, and Charles de Gaulle Airport, at Paris, are all examples

of this—Heathrow is the first major international airport to have its own underground link to the metropolitan area.

It has been estimated that of all the passengers currently using Heathrow, about 38 per cent come to or from the airport by private car, about 25 per cent use the various airport coaches provided by the airlines and British Rail, while about 20 per cent use taxis and minicabs, with the rest (17 per cent.) travelling by a variety of means, such as self-drive cars, London Transport buses, hotel courtesy coaches and so on.

It is expected that, once the new rail link has been opened into the system, it will account for some 30 per cent of all the people moving into and out of the airport, or about 12m. people a year, and that as a result, the numbers travelling by private cars will drop to about 32 per cent, those using the airlines' coaches to about 15 per cent, and those using taxis to about 11 per cent, while usage of the other forms of road transport will drop to 12 per cent.

Habits

Thus, the advent of the rail link into the Central Terminal area can be expected to revolutionise travel habits, and certainly for a period at least ease the strain on the already congested road system.

The aim of the new rail link, which has cost about £30m. to develop, together with another £41.2m. for 88 new larger trains on London Transport's Piccadilly Line, is to ensure that Heathrow Central is regularly served with frequent trains. From Mondays to Fridays, trains

will run to and from Heathrow Central every four minutes during the peak commuter hours, and every 8-10 minutes during the mid-day period and every 7-10 minutes during the evenings. On Saturdays, trains will be timed every 5 to 10 minutes before 11.00 and after 21.00, and every 4 to 8 minutes for the rest of the day. The Sunday timetable will be every 7-10 minutes before 10.00 and every 5 to 10 minutes at other times.

The first trains into Heathrow Central will run from Central London at about 05.38 to 06.00, depending on where in the London area a passenger joins, while the first trains from Heathrow Central to London will leave at 05.07 on Mondays to Saturdays, and at 06.43 on Sundays. Journey times to and from Piccadilly Circus will be about 40 minutes, and the single adult fare will be 80p, the times and fares of course varying according to the point on the metropolitan underground network at which the Heathrow trains are boarded.

These times have been worked out by London Transport so as to gear them as far as possible to the peaks and troughs of airline traffic, as well as to the peaks and troughs of the underground system itself. The two do not necessarily coincide entirely, because it has to be borne in mind that London Transport's first priority is to ensure that the rest of the London underground network is not disrupted by the need to put trains into Heathrow Central. But London Transport argues that no passenger will find himself waiting more than a few minutes at most for a train to or from Heathrow.

The trains developed especially for the new link have

several new features. They have carriages that are longer than those customarily used on the Piccadilly Line, so that each new six-car train has a capacity similar to that of the present seven-car trains. There is more floor space for airline passengers' baggage, or in peak hours, for standing passengers. Some airline personnel have suggested that this additional baggage space is not really adequate, and that there could be some problems of overcrowding on the trains in peak hours. The London Transport answer to this is that many of the passengers using the trains will not necessarily be heavily laden, and that in many cases, those with large quantities of baggage will still probably seek to use private cars, taxi-cabs or the airport buses, all of which will still be available.

Whether all this proves to be the case remains to be seen. What there does seem to be little doubt about is that while it can be argued that it has come several years behind the time when it ought to have been provided—the link has none the less arrived in the nick of time to save Heathrow from even worse congestion than is often experienced at present. If it really does lift off some 30 per cent of the traffic that currently goes to and from that airport by road, then the benefits should be quickly seen in easier road journeys, and less frustration around the airport.

All this, of course, is relative to the overall growth of the airport's total traffic. The introduction of the rail link does not, in the eyes of the British Airways Authority, prevent the longer term need for the fourth passenger terminal on the southern side of the airport.

Constraints

Furthermore, argues London Transport, millions of passengers have travelled on the London Underground system for many years with baggage and, while admittedly there has been some congestion, especially at peak periods, it is not too uncomfortable for the passengers. The London Transport point is basically that it has been obliged to try to fit a Heathrow extension into an existing, heavily used and extensive Underground system, with all the constraints that this imposes on that system. Had the planners been asked to devise a rail link specifically and solely to serve Heathrow, it would have been possible to put on even bigger carriages with special baggage compartments. It is pointed out that once out of Heathrow and Hatton Cross, and into the main Underground system itself, the trains have to be geared directly to meet the requirements of the rest of the system, entailing stops of only a few seconds at each station. This, in itself, precludes the possibility of installing special baggage compartments which

would slow down the system. They while passengers searched for have carriages that are longer than those customarily used on the Piccadilly Line, so that each new six-car train has a capacity similar to that of the present seven-car trains. There is more floor space for airline passengers' baggage, or in peak hours, for standing passengers. Some airline personnel have suggested that this additional baggage space is not really adequate, and that there could be some problems of overcrowding on the trains in peak hours. The London Transport answer to this is that many of the passengers using the trains will not necessarily be heavily laden, and that in many cases, those with large quantities of baggage will still probably seek to use private cars, taxi-cabs or the airport buses, all of which will still be available.

London Transport is prepared for this contingency. It says that, if necessary, the British Airways Authority could build one of its subways with a moving walkway linking Hatton Cross Station on the South-East corner of the airport and the proposed new Terminal Four—both the station, and the London Underground rail system can cope with its share of the 8m. passengers a year, together with the additional visitors and others, that the new terminal would entail. Even though Terminal Five does not now seem likely to be developed, London Transport is ready for the possibility, and could extend the tracks from Heathrow Central on to the western edge of the airport, if required.

These are, of course, long-term plans. For the immediate future, Heathrow has at last been given the one vital communications link that it has needed for years to ensure that it does not slowly become suffocated by the pressures of its own expansion.

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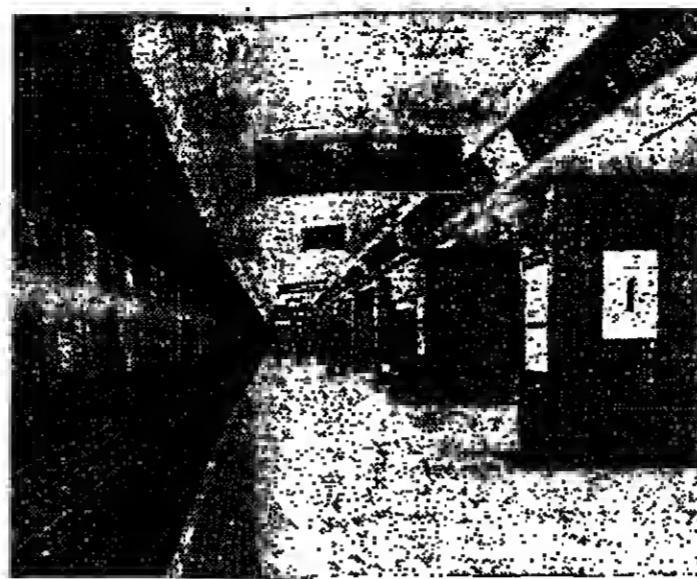
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HEATHROW RAIL LINK II Innovations in design

ONE OF the basic objectives of the British Airports Authority and London Transport in designing the new subterranean passages end the new underground station at Heathrow Central has been the need to ensure swift traffic flow. No one, either stepping off an underground train at Heathrow Central, or arriving from overseas and anxious to get home or into London to his hotel, is really unduly interested in the niceties of his surroundings. Providing they are clean, comfortable, convenient and efficient, he is usually content.

These points appear to have been recognised by both organisations in their designs for the new facilities in the Central Area at Heathrow. Basically, these facilities consist of a new underground station, leading to a big main concourse that in turn leads into three subterranean passages linking the station area with the three main terminal buildings. The subterranean passages and the concourse, in themselves, can operate separately from the station, so that even when the station is closed, passengers will still be able to communicate freely between the three passenger terminals, thereby avoiding the long, and sometimes even hazardous walk between the terminals on the surface, or the use of the sometimes slow inter-terminal buses.



The new station at Heathrow

Transport says that it has devised this technique especially for Heathrow, but there are many other major interchange stations on its underground network where a comparable device could be used with profit, and it is looking to the Heathrow scheme to prove the concept.

Behind the scenes, too, the latest facilities have been provided. Train movements into and out of the Heathrow Central station will be controlled by computer, with a closed-circuit TV installation helping the operations controller. He is based at Earls Court, several miles from Heathrow, but he will still be able to see the platforms at Heathrow Central, and thus gear the frequency of trains to cope with pressures of demand.

Throughout the station and the subways to the terminals, efforts have been made to provide a décor that is light and cheerful, and in tune with the overall objective of speeding the passenger on his way. These decorations have already come in for some criticism as being too simple. One, for example, is that of a bird in flight, with a series of silhouettes depicting various moments in that flight. Most observations on this pattern of decoration so far have been adverse, and it has been suggested that a return to a more objective (and financially more rewarding) décor, incorporating some advertising might be worth exploring.

Despite this objection, however, it must be accepted that the design of the subways is intended to facilitate the passenger who is anxious not to waste time on his journey from train to aircraft and vice versa. The moving walkways in each subway are wider than normal, to accommodate baggage trolleys and to allow other passengers who are in a hurry to overtake. Passengers emerg-

ing from the underground station will be able to collect trolleys and wheel their baggage right up to the check-in desks in the passenger terminals. Equally, passengers arriving by air can take their trolleys from the baggage reclaim halls as far as the entrance to the station. At that point, however, they have to carry their baggage to the trains. London Transport points out that it cannot afford the risk of having trolleys littering the station platforms, with the danger that they might fall onto the tracks.

The British Airports Authority subways have already been in operation since the autumn of this year. The whole subway project was co-ordinated and supervised by the engineering department of the British Airports Authority, with construction by John Kowlem and Co. and L. G. Monchel and Partners, as consultant engineers, with architects Frederick Gibberd and Partners. The interior design and applied graphics are by Minala, Tattersfield, Provincial.

So far as the engineering is concerned, work on the new railway extension began in April, 1971. The extension to Hatton Cross was opened on July 19, 1975, and has already proved invaluable for workers moving to and from the big British Airways' engineering base at that corner of the airport. The line from Hounslow West to Hatton Cross is two miles long. At Hatton Cross special provision has been made to reduce the effects of aircraft noise for passengers and station staff, with extensive sound insulation being incorporated into the design of the station.

From Hatton Cross, the 1½ miles of line into Heathrow Central Station runs fully underground, in deep tube tunnels driven beneath the air-

port runways. The tunnels are 12 feet 6 inches in diameter, and lined with segmented concrete rings. Heathrow Central Station itself is contained in a large reinforced concrete box, 330 feet long and 75 feet wide, with the platforms 44 feet below ground level.

Between Hatton Cross and Hounslow West, the line runs broadly parallel to, or under, the Bath Road and Great South West Road. Both tracks are generally in a single box-section type tunnel, just below the surface. Construction of this section of the line was mostly by a method adopted to minimise surface disturbance in the area.

At Hounslow West, where the extension links with the original terminus of the Piccadilly Line, the tracks had to be diverted to a new alignment, to allow for the extension. New platforms were constructed, and a covered walkway was built to link them with the existing ticket hall. The old track was removed, and the site of the former platforms was filled in for use as an extension to the station car park.

The cost of the rail programme, £30m, is being met as to 50 per cent. by London Transport, 25 per cent. by the Government, and 25 per cent. by the Greater London Council. This cost covers the engineering of the extension, including the tracks and stations and signalling and other equipment. The long subways that link the Heathrow Central Station with the three Terminal buildings, however, are part of the British Airports Authority's overall modernisation programme for Heathrow, and are financed by that organisation.

The Bill still has not been placed and the authority now says that the likely date will be the middle of 1978 — if it is decided that the introduction of the underground has not made the scheme redundant. However, the paper warned that the placing of the Bill should not be left until the traffic problem had demonstrably worsened.

The time taken for these Parliamentary measures is too long to enable effective measures to be taken. The remedy must be at hand when needed — not after the patient has died.

Under the scheme there would be entry/exit control points well before the tunnel to the central area. The incoming motorist would have the choice of these controls of by-passing them and going direct to the north-side low-cost car parking areas from where he can finish his journey by courtesy bus. If he decides to go through the control he will have to take a ticket from a machine which records the date, and precise time of entry.

Having received his ticket the driver will be free to use the central area roads and car parks free of charge. All the existing entry and exit controls at central car parks would be removed, thus increasing further the flow of traffic. The driver will be subject only to statutory controls such as waiting and loading restrictions. On exit from

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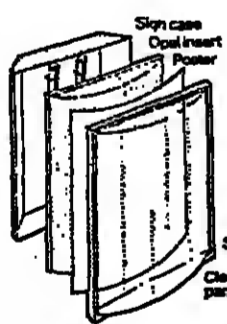


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Delays will continue

WHILE THE Piccadilly Line extension should take the pressure off road traffic congestion in the central area of Heathrow for a time the position is likely to get worse again as the 1980s progress.

The space problem at Heathrow has been growing for many years. It is the world's busiest international airport, handling 24m passengers a year. Yet the central terminal area, excluding the aircraft stands, is no bigger than 80 acres. By comparison the parking area available at Gatwick, which this year is expected to handle about 7m passengers, totals 140 acres alone.

The confined area that Heathrow has available has long been recognised as a serious constraint. The main tunnel from the north side of the airport is the principal traffic artery to the central area and it has a capacity of about 30,000 vehicles per hour in each direction.

At peak times in the summer there can be long delays, especially when there is a breakdown in the tunnel. The most notorious example occurred in September last year, when all traffic simply ground to a halt. At the time it was named Black Sunday.

The British Airports Authority has a plan for traffic control that would ease the congestion considerably. The essential features of the scheme would be to offer drivers a choice of whether to enter the Central Area and pay a fee on leaving, according to the time spent there, or to park on the airport perimeter where low-cost parking areas could be

linked to the Central Area by frequent courtesy mini-bus services. At the same time charges at the Central Area car parks would be abolished.

The implementation of the scheme will be delayed until the use made of the new underground extension is evaluated. At present 38 per cent. of passengers using Heathrow come by private car, some 25 per cent. use airport coaches and 17 per cent. taxis. The underground is expected by the authority to cream off up to 30 per cent. This is likely to reduce the percentage using private cars to 32 per cent., airline coaches to 15 per cent. and taxis to about 11 per cent.

Scheme

However, while the proportion of people using road vehicles will decrease, Heathrow will continue expanding. The present central complex, which handles 24m passengers at the moment, is likely to be used by 32m passengers within a few years. With that expansion the road congestion could very well become as bad, if not worse, than it was before the underground extension was opened.

The scheme was originally outlined in a consultative paper published in April last year called "Heathrow: Keep Traffic Moving". The initial intention was to make progress with the early stages immediately. Thus the authority planned to place a Private Bill before Parliament in the 1976/77 Session to enable it to take over from the Depart-

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Modernising the underground

THE LONDON underground is one of the most extensive in the world with about 140 stations. It is also one of the oldest, a substantial proportion being more than 100 years old and nearly all the rest having an age of more than 80 years. Accordingly, quite apart from new developments, like the Victoria Line and Piccadilly Line extension, a huge amount of capital has been required, and still is required, to keep the system operating effectively. Much money has been spent on new equipment, station modernisation, signalling equipment, rolling stock and tunnel maintenance. In the next 10 years London Transport proposes capital expenditure of £450m. on this kind of modernisation alone. This is quite apart from the proposed developments and extensions to the system that are so the drawing boards and could be carried out, given the political will.

One certain development is the opening of the Jubilee Line, formerly known as the Fleet Line. This event is likely to take place towards the end of next year and will relieve the overcrowding on the Bakerloo Line, especially between Baker Street and Oxford Circus, where 20,000 people travel one way an hour at peak where the maximum planned loading was only about 16,000. The new line, for which

the tunnels have now been constructed, travels from Baker Street via Bond Street and Green Park to Trafalgar Square, which is to be renamed Charing Cross. The Jubilee Line will go on to Stanmore, taking the present Bakerloo tracks, while the Bakerloo will be confined to the tracks to Queen's Park, thus eliminating the present extension, a huge amount of capital has been required, and still is required, to keep the system operating effectively. Much money has been spent on new equipment, station modernisation, signalling equipment, rolling stock and tunnel maintenance. In the next 10 years London Transport proposes capital expenditure of £450m. on this kind of modernisation alone. This is quite apart from the proposed developments and extensions to the system that are so the drawing boards and could be carried out, given the political will.

Terminus

The scheme first emerged in 1974 in a study of London rail possibilities. The extension would run from the new Charing Cross underground, through Aldwych to Ludgate Circus, Cannon Street and Fenchurch Street, connecting the last mainline British Rail terminus to the underground system. From Fenchurch Street the line would cross under the River Thames, connecting both sides of Dockland with stations at Wapping, Woolwich and Thamesmead among others.

In the light of the Government's rejection of the eastwards extension of the Jubilee Line a number of alternative temporary measures to help East London are being considered and put to hand. The GLC has agreed recently to spend about £2m. on modernising the East London line from Whitechapel to New Cross and New Cross Gate, which is more than a century old. The Government has accepted that some of the cost will be met from the inner-city revival scheme funds. In addition £3m. has been proposed to modernise the stations, including the installation of lifts.

Delays

CONTINUED FROM PREVIOUS PAGE

In the central area the driver will be required to produce the entry ticket and a charge will be made, based on the time which has elapsed between entry to and exit from the controlled area.

This system aims to divert traffic from the centre on the basis of choice rather than a firm of priority and the authority believes that the best method of influencing this choice is the pricing mechanism. The scheme offers considerable flexibility, as the charging levels can be varied to match seasonal variations of traffic demand. It is also relatively cheap. The cost of installing the controls and all the road adjustments total some £2m. The authority also sees considerable advantages attached to the removal of controls from the central area car parks. "This improves traffic flows in and out of them, and the cost deterrent to parking off the roads is thus eliminated."

The system implies a considerable change in the cost of medium-term parking to those prevailing at the present time. The authority estimates that the charge for each vehicle currently granted free entry would need to be no more than 20p. "However, the use of pricing to deflect surplus demand will undoubtedly call for significant changes in the current charging levels, especially in the two- to four-hour bracket." So the current

Fraudulent

Another scheme that London Transport has put forward would have considerable impact on the passengers. This is for the fitting of automatic gates at all Underground stations at a net cost of £45m. London Transport estimates that fraudulent travel costs it about £8m. a year, or five per cent. of revenue, and this system would eliminate all such fraudulent travel, paying for itself within ten years. The new equipment would also be compatible with that which BR proposes to adopt over a large part of its commuter network to South-East England, thus providing opportunities for some extension of through booking.

Other changes that will be readily apparent to passengers will be the proposed introduction of new rolling stock, which as well as the Piccadilly and Jubilee Lines, will involve the District and Northern Lines. Within the next couple of years the 70 trains on the District Line will be replaced at a cost of about £1m. a train. The stock being replaced is 40 years old, five years past the normal life of an underground train. Many of the current problems of irregularity on the District Line are due to mechanical failures caused by age. New stock, with larger areas for baggage, is going onto the Piccadilly Line and the previous stock there, which is 15 years old, is going onto the Northern Line. The Northern Line is also getting new trains so that it can get rid of its 1938 stock completely.

David Freud

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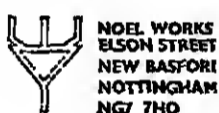
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PUBLIC NOTICES

THE NEWPORT BOROUGH COUNCIL. £50,000 Bills maturing on 15th March 1978 were offered and issued on 14th December 1977 at an average rate of 12.0%.

H.M. LAND REGISTRY

LOST CERTIFICATE. It is hereby declared void any certificate to register the same as if it had been issued.

LEGAL NOTICES

No. 60401 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of I.S.O. FRIGER LTD.

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Hydrocarbon Technology Projects - Allocation of Funds. The Department of Energy wishes to draw attention to the European Economic Community scheme whereby under Regulation 3056/73 (published in the Official Journal of the European Communities on 13 November 1973) support may be given to technological development projects in the fields of exploration, production, storage and transport of hydrocarbons.

The closing date for applications under this scheme is 28 February 1978.

The Offshore Supplies Office, Alhambra House, 45 Waterloo Street, Glasgow G2 6AS would be glad to accept intending applicants to procedures. Please ring the T.G. Crockett on 041-221 8777 extension 410, or Mr. P. G. Davies of 041-TSU on 0235 24141 extension 2541, or Mr. P. M. Topley (CIP Division) at the Department of Energy in London on 01-211 3808.

Funds of approximately £20m per year are allocated to a variety of projects—mostly concerned with offshore technology—at rates of support up to 40%. This support is repayable in the event of the commercial success of a project.

Department of Energy

LEGAL NOTICES

No. 60401 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ERILE LIGHTER and in the Matter of THE COMPANIES ACT, 1948.

No. 60387 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ITRAJING & COMPANY LIMITED.

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COMPANY NOTICES

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Entertainment Guide

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Entertainment Guide listing various theatres and performances including Opera & Ballet, Theatres, and Cinema listings.

The Management Page

EDITED BY CHRISTOPHER LORENZ

What can Europe learn from Japanese manufacturing? Max Wilkinson and Lynton McLain look behind the scenes at Sony and BOC

THERE IS sometimes a touch of medieval superstition about the way in which British companies regard their more successful Japanese rivals.

The special advantages which Japanese companies seem to have are thought to be, if not actually supernatural, at least difficult to comprehend and in a very basic sense "unfair."

Odd practices in factories such as singing company songs, and regimented physical exercises, are often used as examples. More thoughtful analyses try to describe the special group psychology of the Japanese, their corporate spirit and the oriental capacity for hard and monotonous work.

Even to-day, when the high quality of Japanese products is generally recognised, discussion tends to centre around the ways in which Eastern goods have become cheaper, and sometimes "fairly" cheaper than competitive products in the West. It is therefore worth considering that there are a number of Japanese companies which have achieved phenomenal growth rates by using predominantly Western-style methods of management and finance.

One very interesting example is the Sony Corporation, which is grown from a tin abaker after the war to become one of the world's leading producers of high quality television sets, radios and audio equipment.

Sony's success in building up an annual turnover approaching £1bn. has been based on a principle which is almost the opposite of the stereotype of Japanese industry during the decade.

When Oriental clichés hide Western ways

produced a colour television tube. This was the Trinitron, which operated on markedly different principles from those first developed by RCA in America and others.

Indeed the research of Sony and other Japanese consumer electronics companies has been so successful that there has been a complete reversal of roles vis a vis competitors in the U.S. and Britain. It is now the British and even the American companies which have to copy designs and innovations originated in Japan.

Sony's management style has also developed in a way which looks remarkably Western, with a combination of rapid decision taking at the top (by Japanese standards) and considerable efforts to devolve responsibility to department heads.

Yet in many ways the company appears utterly Japanese. For instance, everybody, from the chairman downwards, wears identical overall jackets. Mr. Morita, the chairman, whose jacket seems to be somewhat better pressed than anyone else's, says the purpose of wearing overall is to show that the company still has its roots in manufacturing.

On the shop floor, too, Sony uses techniques which most British managers would regard as unacceptably naive. For example each team or produc-



"subtly different recruitment policies"

The next phase of research effort will be aimed at a steady reduction of costs of perhaps 30 to 40 per cent. over the next five years.

And after that, what next? The laboratories are strongly committed to the international race to produce the first low price colour television camera based on solid state technology. When this is available, home movies will not have to be processed but could be shown straightaway on the family's television.

This would result in the opening up of a completely new market in home entertainment, plus an increased push to the sales of video recorders and even possibly of the smaller domestic television sets. Other possibilities, like the tape recorder which does not need tape but instead uses solid computer type memories, are still pie in the sky.

But perhaps the main lesson of Sony for European and American companies, is that stargazing backed by energetic research effort has become progressively more important compared with mere efficiency of production.

At the same time the costs of research are accelerating. For example, an electron microscope, needed for the next generation of miniature electronics, costs about \$3m.

The interesting challenge for the future is about how top managements can provide the vision and the marketing horse sense to ensure that these enormously expensive research tools are accurately focussed on future public demand.

M.W.

Forefront

On research and development, too, Sony has a rather Western attitude, preferring where possible, to be in the forefront of invention, rather than to imitate or exploit other peoples' techniques. Thus Sony was the first company to develop the use of the transistor for consumer products; it made an independent start in the tape recorder market, a later

Breaking British shackles on engineering innovation

think strategically. When an engineer comes up with a bright idea, be it or she is "plucked out" of routine work, made directly responsible to the technical director, and encouraged to prove an idea in practice.

The company says it has not found a method of giving financial reward to these efforts that would be fair to everyone, so the only incentive for the individual is personal satisfaction.

order to benefit as far as possible from the economies of mass production.

It is not only short runs and long lead times which characterise batch work in many traditional factory operations. Paperwork is normally extremely burdensome and can itself contribute to the problem of excessive stockholdings and work in progress.

In the Japanese-inspired approach at BOC, the paperwork associated with the progress through the factory of raw materials and semi-finished production has been eliminated. Instead of each stage being documented, with a subsequent slowing of production, the division has only two basic control procedures. The raw material is weighed at the start of the production cycle, and the finished components are counted by a separate low-volume production area.

The aim has been to revise Japanese mass production methods for batch products, in a way which has traditionally forced batch producers to miss the advantages of mass production.

The company's engineers produced a novel solution: combining a basic level of mass production for some products with batch output for others, and to meet peak demand. Marketing staff set a target for the minimum viable mass production level for one type of gas regulator; for example, a production line was set up for this, while the other products, plus any additional demand, is met by a separate low-volume production area.

Another major shift of Japanese concerns attitudes to



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Another change arising from the division's experience of Japanese industry required engineers "to forget outmoded concepts from the old school of engineering production practice."

Traditionally engineers were taught to achieve maximum utilisation of machine tools. But high utilisation of one machine can lead to slow progress of work through the factory, poor utilisation of other machines and under-used and bored people.

Pertinent

This is especially pertinent in batch production, the mainstay of the engineering division's activities, since the value of stock and work in progress often exceeds the value of the machines. "All that is needed from a machine is a 'satisfactory' return rather than the highest possible," says Mr. Ray. He now believes that it may be possible for a machine to be used for 50 per cent. of the time and yet remain viable.

The engineering division was forced to examine its own engineering practices seven years ago in the face of Japanese threats to its business. There was particular anxiety about a high technology subsidiary, Edwards High Vacuum, which nearly went to the wall.

To reverse the fortunes of the vacuum business, and to get a first-hand inside view of Japanese industry, BOC set up Nissan Edwards Shinku KK in Tokyo. Sales of high vacuum equipment to Japan now top £1m compared with zero five years ago.

The indirect benefits of sitting in the front of Japan's industrial garden may be even greater.

Most of the products from the engineering division do not lend themselves to mass production. "We had to find new ways of producing products in batches," says Mr. Ray.

BOC gas equipment is needed by industry in large volumes, but steady demand is rare—a

Business book

Government, Business and Labour in European Capitalism, by Richard T. Griffiths. Euro Potential Press. Price: £9.50. This book contains papers presented at the 7th Annual Conference of the University Association for Contemporary European Studies and deals with key areas of current economic policy concern.



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Friday December 16 1977

Swan Hunter's dispute could do no end of good

BY CHRISTIAN TYLER, Labour Editor

Targets still to be set

THE LETTER sent by the Chancellor to the International Monetary Fund, contains one or two significant but expected omissions, one or two interesting ambiguities but no real surprises. Mr. Healey describes the progress made in the past twelve months towards the aims he set out in his letter to the Fund last December. He points out that his object now is to enable economic growth to be resumed and suggests that growth at an annual rate of about 3½ per cent should be possible between the second halves of this year and next if earnings can be kept within the 10 per cent guideline. This, he thinks, will be compatible with the achievement of a significant current account surplus both this financial year and next; and like the Bank of England, he considers that a current account surplus will be needed "for a number of years."

Three broad assurances are given. The U.K., as before, remains opposed to general restrictions on trade while reserving the right to impose temporary restrictions in particular hard cases. It is determined to make a full contribution to the expansion of world trade but maintains that its ability to do so will be limited by the readiness of other countries to expand demand and open their markets.

Next spring

In its approach to the exchange rate, finally, the U.K. will follow a flexible policy designed both to preserve the competitive position of British industry and to maintain monetary discipline — a reconciliation of the irreconcilable which is implicit in previous undertakings to the Fund and which, whether by good luck or good judgment, has recently been performed with some success. "In other policies which affect the exchange rate," the letter intones, "the Government will take account of these objectives." One must assume that the main aim of this sentence is to leave future exchange control policy completely open.

Japan's missed opportunity

WHEN Mr. Takeo Fukuda, the Japanese Prime Minister, re-joined his Cabinet at the end of last month he was said to be preparing the way for a more realistic and vigorous attack on the trade and economic problems which were bedeviling relations with the rest of the world and especially with the U.S. This hope was encouraged both by the wholesome nature of the reshuffle and by the known ability of several of the new Ministers, although in the last resort it would be the courage and determination of Mr. Fukuda himself which would be put to the test. In the event the package of measures which the Cabinet agreed upon falls well short of what was required — at least on the basis of the information so far released in Tokyo and Washington. Mr. Fukuda appears to have lost an important opportunity, with potentially damaging consequences for world trade.

Tariff cuts

The rest of the world has been looking for action on two fronts — first, reduction or elimination of tariffs, quotas and other administrative obstacles to imports, and second, a stimulus to the economy which would help to reduce the country's embarrassingly huge trade surplus. A large number of tariff cuts have now been announced and some of them affect industrial products of particular interest to American and European exporters. But in a good many cases the reduction is a matter of one or two percentage points only and the effect on the price competitiveness of imports is likely to be trivial.

More important, Mr. Fukuda has apparently felt unable to make a really serious attack on the protectionist barriers which shield parts of Japanese agriculture. Some tariffs are to be cut and some quotas enlarged, but the domestic beef and fruit industries have succeeded in warding off major concessions. The psychological effect of a far-reaching liberalisation in farm products would have gone a long way towards convincing sceptical outsiders that Mr. Fukuda at last meant business. The fact that such concessions have not been forthcoming will

THE POLISH snips order has caused all kinds of aggrieved nuttifiers for a pay rise of about £11 a week that would give them more than parity with the boilermakers. Because of the terms of Parliament's 1946 Fair Wages Resolution under which the CAC is empowered to make awards regardless of government incomes policy, the outfitters probably cannot claim parity with boilermakers as such. What they can do is ask the CAC to compare their earnings with those of outfitters in other yards. They have drawn up a list which claims to show that the average of total pay in six other yards is £76.94 for a 40-hour week, while theirs is only £65.82.

The CAC will have to determine whether this claim fits the purpose of the Resolution, which is to ensure that firms on government contract work are paying the "going rate."

But the CAC hearing is not the only reason for hopes that the Swan Hunter overtime ban will be lifted. More encouraging still is that the boilermakers' shop stewards have joined a round of discussions between the management and outfitters, at which a number of suggestions have been made for satisfying the outfitters when their current pay agreement runs out at the end of the month.

Swan Hunter, while probably no less adept than many other shipbuilders at maintaining labour peace, does suffer or has suffered in the past, from most of the problems which have given the industry one of the worst of strike records.

The problems can be listed as follows: competing claims from craftsmen for first place in the wages league, multiplicity of rates within groups, multiplicity of settlement dates, strict demarcation lines, complex bonus arrangements, animosity between groups and lack of clear industrial relations policies. As a recent report by the Advisory Conciliation and Arbitration Service (ACAS) on Swan Hunter makes clear, most of these problems are historical.

For example, the parity issue dates back to the days when all steelworkers were paid piece rates; that made them undis-



put kings of the yards. As technology changed and working conditions of steelmen improved and as piece rates were phased out, many yards came to believe that there was no longer any logical reason for such pre-eminence. A majority of yards have now achieved comparability of earnings between steelworkers and outfitters, as the figures produced by the Swan Hunter outfitters seem to prove.

WAGES AT SWAN HUNTER AT END APRIL 1976

BOILERMAKERS GROUP A		OUTFIT TRADES		ELECTRICIANS		ANCILLARIES GROUP G	
Company min. rate	46.04	Company min. rate	43.64	Company min. rate	43.14	Company min. rate	37
Bonus earnings	14.82	Fixed bonus	3.48*	Fixed bonus	7.73†	Productivity payment	
Trade allowance	4.80	Plus	1.89	Plus	2.92	Other	3.78
		Pay policy supplement	4.80	Attendance pay	75	Flexible working	1.22
				Pay policy supplement	4.80	Supplementary bonus	4.28
						Pay policy supplement	4.60
TOTAL	65.66	TOTAL	58.81	TOTAL	59.34	TOTAL	52.62

* This figure includes £2.23 for flexible working.
† This figure includes £1.75 for flexible working.
‡ Working conditions payments are excluded.
• All bonus earnings given are for a 40-hour week.
• Since 11.6.76 boilermakers received an additional wage supplement of £3.70 per week.
Source: Swan Hunter

CURRENT ESTIMATED TOTALS: Boilermakers (group A): £74.50; Outfit trades: £67; Electricians: not available; and Ancillaries (group G): £59.

MEN AND MATTERS

Ticking time in town

Motorists with time on their hands in London's solid traffic jams are receiving some free reading matter. The GLC's planning and transportation department has been handing out 50,000 questionnaires, asking drivers where they have come from and where they are hoping to go. I notice that none of the questions allows you to say how long the journey has taken or whether you have been tempted to give up in despair.

Cut to the rind

Saving a last-minute reprieve from Brussels, there will be no more New Zealand cheese allowed into Britain after New Year's Eve. This might seem unlikely to cause much emotion in a club such as Whit's, where they incline to sip still, but one member was decidedly unhappy when I mentioned it to him yesterday. "I always buy New Zealand cheddar," said Lord Ballantrae, "and their butter, too."

Clearing merchant

One of the indirect effects of North Sea oil, talk of devolution and the resurgence of nationalist feeling in Scotland has been a subtle rise in the influence of the Scots in the National Commercial Banking group. Scottish dominance was further enhanced when Williams and Glyn's — essentially the Sassenach side of a 1970 merger that involved the Royal Bank of Scotland and the former National Commercial Bank — had its wings somewhat clipped when its expansion programmes turned sour three years ago.

When it comes to saying nothing there is no one better than Sir Harold.

year the series of events which stretch over 13 hours will see around 25,000 competitors of all shapes and sizes alighting, slithering, straggling, stumbling, panting and puffing around the 8 km. course.

Dry humour

Ceremonies for the inauguration yesterday of the £190m. Bahrain-based drydock, for the Arab Shipbuilding and Repair Ltd. company, all went more or less to plan. The tantalising factor was the presence of Sheikh Rashid of Dubai, owner of the Gulf's rival drydock.

Gallic gallops

The French mania loves to think of himself as athletic: any open space around town is packed at the week-ends with track-suited citizens pounding round the keep-fit course. Country lanes are dense with suburbanites bent over handlebars.

could a flexible working agreement. Inevitably, the steelworkers did well out of such payments, and although the outfitters and ancillary workers have made similar concessions in many cases "flexibility" for them is more difficult to achieve.

For example, it has been relatively easy to persuade the man who cuts out the ship's plates to weld them together, and to persuade the welder to cut plates. But does it make sense for the electrician to turn his hand to carpentry? By these standards amalgamation of the various steel trades have been brought together in one union, but the electrician belongs to the Electrical and Plumbing Trades Union, the carpenter to the Union of Construction, Allied Trades and Technicians (though these two unions are in merger talks at the moment, as are the Boilermakers and the General and Municipal Workers' Union, which represents shipyard ancillary workers).

There is little doubt that Swan Hunter itself has been trying to close the pay gap over the years of tidying up wage rates and bargaining units since the 1968 merger which made the present Swan Hunter group. But, as the ACAS report makes clear, most of the other workers are deeply suspicious that the management has favoured boilermakers at their expense — possibly because the Boilermakers' head office is only a few miles away in Newcastle.

Another example of the problem is provided by Cammell Laird. After a dispute this year the Boilermakers there went to the Central Arbitration Committee (as the Swan Hunter outfitters are now doing) with a pay claim. They got the rise, but on condition they ratified a flexible working agreement. All seemed well, but the effect of the Boilermakers' success at the CAC was to put them about £8 a week ahead of the common craft rate. In other words the gap opened again — and now there are eight or nine "fair wages" claims from other groups of workers.

The fact that the majority of yards have comparability of skilled earnings — and that all have secured flexible working — proves that reform is possible. Reform will be greatly helped by the unions' genuine determination to make the newly-nationalised industry a commercial success.

Historical grievances may thus be assuaged, but the process is not being helped by the Government's pay policy. The current incomes policy, which the Government is trying to apply firmly, has caused great unrest in the shipyards generally. It is so much the 10-per cent earnings limit itself. It has taken British Leyland Workers at Govan and Harland and Wolff have expressly acknowledged that the industry

But perhaps the most fundamental issue remains that wage structure. Mr. Chalmers' prescription of new structures and common settlements within each profit centre, British Shipbuilders will be main item at the Confederation conference of unionists from all the yards early next year.

A national wage structure and a single pay date are the way off. But British Shipbuilders, pushed along by desperate need for investment, appears to be moving quite quickly towards industrial reform. After a year of British Leyland another product of mergers and Wolff have expressly acknowledged that the industry

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Observer

The main parties change their sex appeal

OVER THE past few months there has been a curious reversal of roles between the two main British political parties. The Tories have become the intellectual party, Labour, under Mr. Callaghan, has become the safe party.

That timescale is perhaps unfair to the Tories. The Tory transition from at least posing the stupid party of British politics to becoming the party of the intellectuals goes back at least a decade—to the assumption of the leadership by Mr. Edward Heath and, arguably, the foundation of the Bow Group in the 1950s. But as for Labour, the Tories had cast off, that is relatively new. At least, it is sufficiently new for the Tories not to be fully to have realised what is happening.

For example, if one were to give the suggestion of the Tories to the intellectual party to Sir John Joseph or Sir Geoffrey Howe, the reaction would be surprise, then disbelief, and finally a lament about how far further there is to go. At perhaps it is a measure of the problem: they are looking for complete solutions, rather than the Labour Party in the past.

And yet, however one defines intellectual, it seems unmistakable that the intellectual mood of the country has changed. It is of the universities where Kelly draws capacity crowds and no longer expect always to be down. Indeed some of the university Conservative positions are reporting a

doubling or even tripling of membership.

There has also been a striking devaluing of the language of socialism, at least of the language of Labour governments. There are certain phrases which a non-partisan audience finds it impossible to take—and many people find impossible to use—with a straight face. "Polish shipbuilding" is perhaps the latest example. It is likely to go the way of the "commanding heights," the "need for more socialist measures," or "sanctions are beginning to bite."

There is, in short, no longer a disposition to believe that Labour is right, or that Labour always has the better of any intellectual argument. One has only to contrast this with the mood of the late 1950s and early 1960s to realise the extent of the change.

number of Tory policy statements. One of the mistakes of the Heath opposition period (1966-70) is now thought to have been a tendency to rush too often into print with detailed recommendations. It is notable, by contrast, that both *The Right Approach* and *The Right Economy*, which will form the basis for the next election manifesto, seek to avoid detailed policy commitments wherever possible. Nevertheless, one cannot stop people making speeches, and the idea that Tories are the intellectual, or even the radical party, appears to be gaining ground. What matters is whether it is a help or a hindrance.

Tarnished

Some of the explanations, of course, are obvious enough. In part, Labour has simply been tarnished by office. There may have been, too, a generational swing away from the ideas of immediate predecessors. But the charge has also been reflected in the personalities on the two front benches, and it has been particularly noticeable in the past year or so.

Until recently, it was generally accepted that Labour had the intellectually more high-powered team. To-day it is more questionable. Mr. Crosland has

Ferment

Until the emergence of Mr. Callaghan as Prime Minister, it must have seemed the former Party, until then, the Labour Party did not have a leader who could plausibly go to the country on the Tory slogan "Safety First." The change was very well put, by Mr. Peter Walker at the last party conference—the meeting of the Tories and other illustrations of the Tory ferment. "We have a Prime Minister," he said, "who looks good on television: who looks like Stanley Baldwin; who lives like Stanley Baldwin; and Stanley Baldwin with the vote of the Labour Party and North Sea oil is a very formidable opponent."

In other words, if there was

Trends

There is also the example of West Germany. There has been a good deal of evidence for some years that that country is moving to the Right, but the intellectual, it is probably a deliberate. She knows what happened to Hugh Gaitskell, and she does not want her lieutenants dismissed as "disiccated calculating machines." (Indeed, one suspects that she would first dismiss herself.) It is also probably she as much as anyone who insists on keeping policy documents to a minimum.

Yet there remains a dilemma. She presides over a movement which appears to be winning the intellectual argument, even on defence it is astonishing to find how much the mood has changed in the Thatcher rather than the Government direction. But in the most optimistic calculation the intellectuals account for less than 10 per cent of the population. How long does it take for their change in mood to seep through to the country as a whole?

Perhaps she will. Perhaps that



Mrs. Thatcher "meeting the people." Including a road sweeper and his dustbin.

been achieved at an intellectual level? Or she, in short, turn intellectual appeal into populism?

It is a question to which much thought has been given. Certainly few of the Tory intellectuals have much faith in their own powers of persuasion on the council estates or among the supermarket shoppers. There is, for a start, the little matter of accent, and the vocabulary that usually goes with it. It will be Mrs. Thatcher who will have to do it, if anyone can.

Perhaps she will. Perhaps that

Letters to the Editor

Accountancy standards

Mr. Gordon M. Paterson.

I should like to challenge the present practice in the accountancy standards. Before an attempt is made to automatically be affirmative let us take the attempt to improve any reporting by accepting a discipline which is attractive at first sight but experience shows that common discipline cannot always apply to the bodies.

The extension of the legal certificate to include a "standards" is a step based on the false objective in I above; it leads the accountant in an area where he has not the powers to enforce.

The effect of the standards is to improve the extent of fraud available to a number of accounts, where the failure, particularly an inflationary period, to be effective standards is unacceptable has resulted in many industrial and commercial companies accepting a qualification rather than comply with standards. In fact this has led to a massive decline in the reputation of the accountancy profession. The situation has been compounded by errors in the drafts and SSAPs which were avoidable but which happened. This decline is good for the profession nor businesses which the profession serves.

The purpose of my letter is to make thought as to how the accountancy profession can continue to be strong and as to how the reputation of the accountant can be restored. The following steps should be taken:

1. It should be recognised that company accounts must be done on law, as must audit fees.
2. Comments on observance of standards should be appended to the audited accounts.
3. It should be necessary to contact auditors must be given for such comments in the reports.
4. The prohibitive factor of U.K. is which operate overseas report in sterling and more than those which face a competitive market within the U.K. so that different standards may be required.
5. It should be recognised that different types of businesses have different problems in trying to conform to standards, e.g. there is no reason why a departmental store (intensive) should conform to the standards applicable to a distillery (capital intensive) or a bank should conform to standards applicable to an insurance company, even though they hold substantial blocks of shares in investment trusts, or companies and building societies will each encounter problems in interpretation of standards.
6. Where standards are to be applied, there ought to be a separate section of standards and industry, possibly sub-sections for those businesses in U.K. business and those groups operating in U.K. and overseas.
7. It is true that in the past the result would be that the current attempt to have uniform standards with rigid rules which frequently are a source of "true and fair" and since in the 1948 Act there be action to

Letters to the Editor

sat up separate studies and recommendations for companies whose business involves a holding of substantial portfolio investments, i.e. where the investments held are neither fixed assets nor trading assets.

In order to arrive at satisfactory standards, much greater consultation with the industries affected is necessary. Action on these lines would avoid the welter of qualifications in reputable companies' accounts and the resultant confusion in the minds of many readers. It should also avoid the claims for professional negligence and the cost of insurance protection.

Gordon M. Paterson, 98, Wolsey Road, Northwood, Middlesex.

GENERAL

Retail price index for November.

Mr. Menachem Begin, Israeli Prime Minister, in Washington.

Preparatory Middle East peace conference continues, Cairo.

Mr. Nobuniko Ushiba, Japanese Minister for External Economic Relations, in Brussels to present EEC with same package of import liberalisation measures offered to U.S. earlier this week.

Session of European Parliament ends, Strasbourg (until January 16).

General Zia-Ul-Haq, Pakistan military ruler, on informal visit to China.

Bangladesh National Day.

The Gobi opens piecemeal

To-day's Events

Line Underground extension to Heathrow Airport.

Fair wages claim by Swan Hunter outlitters due to be heard by Central Arbitration Committee.

Mr. Peter Shors, Environment Secretary, opens housing policy conference organised by Building Societies Association, Cafe Royal, Francis Parker, Connaught Rooms, W.C. 11, 3.30 p.m.

Mrs. Shirley Williams, Education Secretary, speaks at comprehensive education conference, York University.

Parliamentary Business: House of Commons: After adjournment debates the House 10.30.

Wolsey-Hughes, Drogheda, rises for the Christmas recess which, 11.30.

Opera: Royal Opera production of *Le Nozze di Figaro*, Covent Garden, W.C.2, 7 p.m.

English National Opera perform *Dalibor*, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte Company production of *Patience*, Sadler's Wells man Hotel, W. 12, Dollar Land Theatre, E.C.1, 7.30 p.m.

MUSIC: Prince of Wales attends performance of *L'Enfance du Christ* (Berlioz) by English Chamber Orchestra and Choir, conductor, Sir Charles Groves, with Janet Baker (mezzo-soprano), Peter Baker (tenor), Ian Caddy (bass), Royal Festival Hall, S.E.1, 8 p.m.

Severn Bridge

From Mr. David Walker, RPT Economic Studies Group.

Sir—An alternative interpretation of the data in your article on a second Severn Bridge (December 8) would lead to a quite different view about the necessity for a second crossing.

As your Regional Affairs Editor so rightly points out the very high growth rate of traffic during the period 1967-1972 was due largely to the M4 being completed to London, thus attracting a lot of non-motorway traffic to the M4 and the Severn Bridge. During this period the traffic generating effect of the new bridge would have operated, which by now should have worked itself out. Thus the more recent period 1972-1976 is probably a better guide to future traffic growth than the ten-year period as a whole. Over this four-year period traffic has grown at a rate of only 1.7 per cent a year, which is in fact below the national average for trunk roads. Extrapolating at the same rate to 1980 gives some 12m vehicles a year, and 15m vehicles a year (for example, about 50,000 a day) would not be reached until 2000.

Present congestion is more a result of the pricing policy for the bridge than inaccurate traffic forecasts. At the time of planning the bridge an allowance would have been made for generated traffic, but it is most unlikely that the huge rise in generated leisure traffic would have been foreseen (some of it possibly attracted to the bridge as the purpose of the trip).

While the bridge was uncompleted the authorities adopted the right policy by charging a toll which probably reflected the marginal cost of the service—this maximises society's utility. However, with increasing congestion the toll should be increased progressively to deter those users who benefit least from the bridge. If this appears to be unfair it should be remembered that the bridge was originally justified by the time and operating cost savings suffered by existing travellers who were not subject to the highest tolls. These people are seeing their benefits steadily eroded by congestion costs.

With the correct pricing policy the time to start thinking of another bridge would be when toll levels were approaching the savings to travellers, for example, about £3 at present operating costs plus the value of the travellers' time. What we see at present is the over-use of an almost free resource.

Incidentally, it would appear unlikely that a second bridge would be justified in the foreseeable future. The benefit to travellers would only be the reduction in congestion on the existing bridge. This possibly small diversion savings, but would not be the avoidance of the 60-

Shadow Cabinet

From Sir Frederic Bennett, MP.

Sir—In regard to a report (December 12) by Mr. Giles Merritt forecasting Mr. Airey Neave being moved from his present position as Conservative spokesman on Northern Ireland, I cannot comment on the suggestion that "senior Tories in the Shadow Cabinet are considering a new appointment for him," but I find it difficult to understand since there is only one "senior Tory" responsible for Shadow Cabinet appointments and that is Margaret Thatcher herself.

As a back-bencher, however, there never has been and is not now any criticism of Airey Neave for being too tough in regard to restoring peace and law and order to the troubled people of Ulster. Per contra, if Mr. Neave had not been as consistent as he has in demanding violence and advocating strong action against those who resort to it, and if he had not strongly supported our armed forces, whose courage and tenacity alone have so markedly improved the situation in recent months, he would not have earned and retained the continuing extent of confidence among all his Conservative colleagues that he enjoys.

Frederic Bennett, House of Commons, London, S.W.1.

Flying the flag by film

From the Director, British Industrial and Scientific Film Association.

Sir—How encouraging it was to read (December 6) your Film and Video Correspondent, John Chittock's championing of the information work of the Central Office of Information and of our embassies and consulates overseas.

Our association, BISFA, is in no doubt that the use of film and television programmes to promote British products and services abroad is exceptionally effective. The film and television division of the COI have been able to spread word of their service to many more industrial executives recently in BISFA's promotional events. They will do so again on December 13 when explaining their part in winning first-time export orders for a British company through one of their COI films, at our Export Through Film show in London: examples of films successfully used for export.

How discouraging it would be if, in this Export Year, the very services which help our industry and commerce to win reputation and orders overseas, the COI staff and embassy information officers were cut back as suggested in the review by the central policy review staff. It would be the height of folly. Should we not give them even more ammunition to promote British industry to the potential markets of the world, which only the men on the spot know best how to attract—more films, TV programmes, newsreels, etc.

R. A. M. Bennett, 26, D'Arbly Street, W.1.

Company results

From Mr. A. J. Kennard.

Sir—The trading results of Crown House Limited (December 14) as issued by the company were headed "approximate" instead of the more usual "unaudited." The dictionary definition of approximate is "very near, closely resembling, fairly correct." It would be interesting to know if the Council of the Involuntary Burden of Paperwork caused by legislation. On learning that he would have to pay gift tax of £20,000 (which he did not have) he made up his mind to continue trading.

No doubt his 12 employees are thankful that he did not simply close the business down and put them all on the dole. Many other small businessmen have had to do just this on the death of the previous owner, because their would not otherwise have been enough money available to pay the tax involved.

Capital transfer tax, whether on life-time gifts or at death, has reduced investment and increased unemployment. It certainly has a lot to answer for.

David Marks, Member, The Association of Independent Businesses, Europe House, World Trade Centre, London, E.C.1.

Burden of CTT

From Mr. David Marks.

Sir—You reported (December 12) that a Mr. John Wilhelmy decided to give away his business because he was tired of the intolerable burden of paperwork caused by legislation. On learning that he would have to pay gift tax of £20,000 (which he did not have) he made up his mind to continue trading.

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David Marks, Member, The Association of Independent Businesses, Europe House, World Trade Centre, London, E.C.1.

Pension schemes

From the Director of Information, Company Pensions Information Centre.

Sir—I do not know why Mr. Froggatt can foresee that the contracted-out employees of today will in relative terms be the poor pensioners of to-morrow (December 10). The contracted-out conditions may be complicated but the principle underlying them is simple. Those who are contracted-out of the new State scheme cannot be worse

Company results

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There are still a few places where Blackwood Hodge aren't known.

In 50 countries throughout five continents, Blackwood Hodge are a land-mark in the construction industry. That's because we sell and service the finest earthmoving equipment in over 100 major locations.

BLACKWOOD HODGE

Still the world's largest distributor of earthmoving equipment.

Wilkinson Match rises to £7.22m. midway

ARISING MAINLY from import-export markets, and in Australia, provided margins pre-tax profits of Wilkinson Match for the half year to September 30, 1977, rose by 19.7 per cent on 25.9m. to £7.22m. on turnover up by 5.5 per cent to 299.5m. The directors expect the full year results to be satisfactory.

Basic earnings per £1 share for the half year are shown as 11.3p (9.7p) and 10.7p (9.14p) fully diluted. The interim dividend is increased from 2.35 (2.10) to 2.70p absorbing £24.00m (£23.80m) - last year's final was 4.9253p from record profits of £13.55m.

comment

Wilkinson Match is still digesting some of the problems that arose from the takeover of British Match at a time when volume sales have fallen. Nonetheless the group has improved efficiency - although turnover has risen by only 5 per cent, pre-tax profits have climbed by a fifth. This improvement in first half taxable profits has been achieved after closure costs of part of the personal products - razor blades - marketing operation in Italy, a total cost (including losses) of £200,000. Personal products operating profits fell by 40 per cent overall.

Other vulnerable areas have included the writing instruments area due to a weak market in the U.K. and the U.S., where there are rationalisation costs to come through in the second half, although not as severe as those in Italy. Trading in the first half performance of the match and lighter interests helped by loss elimination on disposable lighters. The safety and protection division with substantially improved performance in the U.K. home and abroad.

By the end of the year, the share price is on an undemanding level.

Turnover... 32.57, 38.57, 182.89
Operating profits... 8.84, 7.32, 12.28
Dividend... 4.99, 6.92, 7.53
Personal products... 1.11, 1.26, 1.31
Tools & household... 1.48, 1.4, 1.4
Writing instruments... 1.16, 1.1, 1.03
Sales & promotion... 2.99, 1.9, 1.3
Packaging... 867, 898, 1,080
Other... 116, 87, 63
Interest... 11, 12, 12
Profit before tax... 7.22, 6.82, 7.24
U.K. tax... 1.94, 2.2, 2.34
Foreign tax... 1.85, 2.46, 2.6
Net profit... 3.43, 2.16, 2.3
Minority interests... 0.57, 2.19, 4.59

Dobson Park's peak £11m.

MAINLY BECAUSE of a higher than anticipated increase in the contribution from overseas associates and subsidiaries and the manufacturing progress in pre-tax profits of Dobson Park Industries advanced to a record £11.3m. for the 52 weeks to October 1, 1977, compared with £9.8m. for the previous 52 weeks. Group sales expanded from £86.1m. to £98.2m.

The directors state that the result was better than expected at half year, when they forecast that second-half profit would be at least a total of £4.2m. (£2.2m.) reported for the year to September 30, 1977, turned in double at £11m.

Lord Hewlett, chairman, says that the profit improvement was secured by obtaining an increased market share for the company's products despite the presence of high street trading. The directors policy remains to raise steadily the company's market share in domestic durables and kitchen furniture by the introduction of new products and by the continual development of basic lines.

The progress made in both turnover and profits over the year under review is continuing and the directors expect this to be maintained in the short term. The charge for the year has been estimated by the directors at £1.07m. to be a consequence of the amount transferred from deferred tax to revenue reserve of £1.07m. Comparative figures have been restated on a similar basis.

Earnings per 25p share on pre-allocated policy are shown at 12.26p (9.21p) and after providing for deferred tax at 8.75p (5.65p). Total dividend is 2.2155p net for a 3.7188p (3.3200p) total.

Greenall Whitley expands to record £10.18m.

PRE-TAX profits of brewers, etc. Greenall Whitley and Co. for the 33 weeks to September 30, 1977, rose by 17.5 per cent from £5.89m. to £10.18m. on turnover of £37.6m. against £32m. At the intermediate stage with profits ahead from £5.3m. to £12.4m. the directors expected the full year's profit to show a satisfactory increase.

They now consider the year's results to be satisfactory having regard to the fact that the second half was affected by a delay in the beer price increase from April until July, and that expenditure on property repairs increased by nearly 50 per cent. They add that the current trade remains at an encouraging level.

Earnings per 25p share are shown as 9.53p (8.3p) and the dividend is stepped up to 2.82p (2.347p), the maximum allowed with a final of 1.4123p net.

comment

Greenall's figures, showing a 17.5 per cent increase in second-half profits, are more than fair given the depressed level of demand in the sector and the group's heavy expenditure on property repairs. The overall property repair costs, lumped by £1m. to £3.2m. reflects some heavy expenditure on the assets of Stannycroft, which was acquired earlier in the year. The directors had an opportunity at the meeting to accept a second half also suffered from a group into line with most of the industry, but should also be easier to market shared profit-sharing schemes which employees can become holders.

Burco Dean doubled

THE PROGRESS reported at mid-way when an advance from £42,000 to £95,000 was achieved - continued at Burco Dean and the directors reported for the year to September 30, 1977, turned in double at £1.1m.

Lord Hewlett, chairman, says that the profit improvement was secured by obtaining an increased market share for the company's products despite the presence of high street trading. The directors policy remains to raise steadily the company's market share in domestic durables and kitchen furniture by the introduction of new products and by the continual development of basic lines.

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Turnover	10.87	10.87	10.87
Operating profits	8.84	7.32	12.28
Dividend	4.99	6.92	7.53
Personal products	1.11	1.26	1.31
Tools & household	1.48	1.4	1.4
Writing instruments	1.16	1.1	1.03
Sales & promotion	2.99	1.9	1.3
Packaging	867	898	1,080
Other	116	87	63
Interest	11	12	12
Profit before tax	7.22	6.82	7.24
U.K. tax	1.94	2.2	2.34
Foreign tax	1.85	2.46	2.6
Net profit	3.43	2.16	2.3
Minority interests	0.57	2.19	4.59

Receiver named for Tri-Ang

Mr. R. P. V. Rees, a partner in the Cardiff office of Deloitte and Co., has been appointed receiver for Tri-Ang Pedigree.

Mr. Rees met officials and shop assistants of the unions concerned towards the end of the year at the factory premises yesterday and discussed the situation with them.

It was agreed by all present at the meeting that the production would continue to January 5 by which time the receiver would be in a position to have assessed the viability of the firm. The receiver would be responsible for continuing the business at an appropriate level.

G. Ewer ahead-sees £0.8m. plus

MOTOR COACH operators motor trade distributors, G. Ewer and Company, announced first half 1977 pre-tax profit of £250,000 to £250,000 and the directors forecast a year surplus of not less than £500,000 compared with £200,000 for 1976.

First half turnover rose from £2.5m. to £2.5m. (£2.5m.) and the directors forecast a year surplus of not less than £500,000 compared with £200,000 for 1976.

comment

Cardinal Investment Trust arranged a new five-year group loan facility of £1.5m. to replace an earlier £1.5m. facility which was due to expire in 1979. The new facility is at 8 per cent per annum.

NOTICE OF REDEMPTION

to the holders of debentures payable in American Currency of the issue designated

9% Notes due January 15, 1983 (herein called "Notes") of

The New Brunswick Electric Power Commission

PUBLIC NOTICE IS HEREBY GIVEN that The New Brunswick Electric Power Commission intends to and will redeem for SINKING FUND PURPOSES on January 16, 1978, pursuant to the provisions of the Notes, the following Notes as indicated, of the above-mentioned issue, as 100% of principal amount plus accrued interest to the redemption date, namely:

17	2514	5012	7508	10005	12501	15001	17502	20004	22514	25119	27619	30120	32620	35121	37621
28	2838	5637	8435	11233	14031	16829	19627	22425	25223	28021	30819	33617	36415	39213	42011
39	2958	5916	8875	11844	14642	17440	20238	23036	25834	28632	31430	34228	37026	39824	42622
50	3078	6156	9234	12362	15160	17958	20756	23554	26352	29150	31948	34746	37544	40342	43140
61	3198	6396	9591	12980	15978	18976	21974	24972	27970	30968	33966	36964	39962	42960	45958
72	3318	6636	9954	13600	16598	19596	22594	25592	28590	31588	34586	37584	40582	43580	46578
83	3438	6876	10327	14220	17220	20220	23220	26220	29220	32220	35220	38220	41220	44220	47220
94	3558	7116	10700	14840	17840	20840	23840	26840	29840	32840	35840	38840	41840	44840	47840
105	3678	7356	11073	15460	18460	21460	24460	27460	30460	33460	36460	39460	42460	45460	48460
116	3798	7596	11446	16080	19080	22080	25080	28080	31080	34080	37080	40080	43080	46080	49080
127	3918	7836	11819	16700	19700	22700	25700	28700	31700	34700	37700	40700	43700	46700	49700
138	4038	8076	12192	17320	20320	23320	26320	29320	32320	35320	38320	41320	44320	47320	50320
149	4158	8316	12565	17940	20940	23940	26940	29940	32940	35940	38940	41940	44940	47940	50940
160	4278	8556	12938	18560	21560	24560	27560	30560	33560	36560	39560	42560	45560	48560	51560
171	4398	8796	13311	19180	22180	25180	28180	31180	34180	37180	40180	43180	46180	49180	52180
182	4518	9036	13684	19800	22800	25800	28800	31800	34800	37800	40800	43800	46800	49800	52800
193	4638	9276	14057	20420	23420	26420	29420	32420	35420	38420	41420	44420	47420	50420	53420
204	4758	9516	14430	21040	24040	27040	30040	33040	36040	39040	42040	45040	48040	51040	54040
215	4878	9756	14803	21660	24660	27660	30660	33660	36660	39660	42660	45660	48660	51660	54660
226	4998	9996	15176	22280	25280	28280	31280	34280	37280	40280	43280	46280	49280	52280	55280
237	5118	10236	15549	22900	25900	28900	31900	34900	37900	40900	43900	46900	49900	52900	55900
248	5238	10476	15922	23520	26520	29520	32520	35520	38520	41520	44520	47520	50520	53520	56520
259	5358	10716	16295	24140	27140	30140	33140	36140	39140	42140	45140	48140	51140	54140	57140
270	5478	10956	16668	24760	27760	30760	33760	36760	39760	42760	45760	48760	51760	54760	57760
281	5598	11196	17041	25380	28380	31380	34380	37380	40380	43380	46380	49380	52380	55380	58380
292	5718	11436	17414	26000	29000	32000	35000	38000	41000	44000	47000	50000	53000	56000	59000
303	5838	11676	17787	26620	29620	32620	35620	38620	41620	44620	47620	50620	53620	56620	59620
314	5958	11916	18160	27240	30240	33240	36240	39240	42240	45240	48240	51240	54240	57240	60240
325	6078	12156	18533	27860	30860	33860	36860	39860	42860	45860	48860	51860	54860	57860	60860
336	6198	12396	18906	28480	31480	34480	37480	40480	43480	46480	49480	52480	55480	58480	61480
347	6318	12636	19279	29100	32100	35100	38100	41100	44100	47100	50100	53100	56100	59100	62100
358	6438	12876	19652	29720	32720	35720	38720	41720	44720	47720	50720	53720	56720	59720	62720
369	6558	13116	20025	30340	33340	36340	39340	42340	45340	48340	51340	54340	57340	60340	63340
380	6678	13356	20398	30960	33960	36960	39960	42960	45960	48960	51960	54960	57960	60960	63960
391	6798	13596	20771	31580	34580	37580	40580	43580	46580	49580	52580	55580	58580	61580	64580
402	6918	13836	21144	32200	35200	38200	41200	44200	47200	50200	53200	56200	59200	62200	65200
413	7038	14076	21517	32820	35820	38820	41820	44820	47820	50820	53820	56820	59820	62820	65820
424	7158	14316	21890	33440	36440	39440	42440	45440	48440	51440	54440	57440	60440	63440	66440
435	7278	14556	22263	34060	37060	40060	43060	46060	49060	52060	55060	58060	61060	64060	67060
446	7398	14796	22636	34680	37680	40680	43680	46680	49680	52680	55680	58680	61680	64680	67680
457	7518	15036	23009	35300	38300	41300	44300	47300	50300	53300	56300	59300	62300	65300	68300
468	7638	15276	23382	35920	38920	41920	44920	47920	50920	53920	56920	59920	62920	65920	68920
479	7758	15516	23755	36540	39540	42540	45540	48540	51540	54540	57540	60540	63540	66540	69540
490	7878	15756	24128	37160	40160	43160	46160	49160	52160	55160	58160	61160	64160	67160	70160
501	7998	15996	24501	37780	40780	43780	46780	49780	52780	55780	58780	61780	64780	67780	70780
512	8118	16236	24874	38400	41400	44400	47400	50400	53400	56400	59400	62400	65400	68400	71400
523	8238	16476	25247	39020	42020	45020	48020	51020	54020	57020	60020	63020	66020	69020	72020
534	8358	16716	25620	39640	42640	45640	48640	51640	54640	57640	60640	63640	66640	69640	72640
545	8478	16956	25993	40260	43260	46260	49260	52260	55260	58260	61260	64260	67260	70260	73260
556	8598	17196	26366	40880	43880	46880	49880	52880	55880	58880	61880	64880	67880	70880	73880
567	8718	17436	26739	41500	44500	47500	50500	53500	56500	59500	62500	65500	68500	71500	74500
578	8838	17676													

Investment Trust Review

Published by The Association of Investment Trust Companies

The opinions expressed by contributors to this Review are their own and should not be assumed necessarily to reflect those of the Association

How trust companies are taxed

by Gavin J. N. Gemmell, C.A.
Partner, Baillie, Gifford & Co.
(Member of the Association's Taxation Committee)

There are two main points to be borne in mind when considering taxation of investment trust companies. Firstly, they are indeed companies and are therefore subject to corporate tax in the same way as trading companies. Secondly, being investment trusts, they are not subject to the same rules as other companies and the tax consequences of their activities are somewhat different. The main reason for this is that investment trusts are not subject to the same rules as other companies and the tax consequences of their activities are somewhat different. The main reason for this is that investment trusts are not subject to the same rules as other companies and the tax consequences of their activities are somewhat different.

Legislation
The Finance Act 1972 provided for a new definition of an investment trust in section 350 of the Income Tax Act 1968.

Revenue
The income of an investment trust consists mainly of dividends and interest on its portfolio. This income can be split into two main categories: franked income and unfranked income.

Franked income is income that has already been taxed in the hands of the company from which it is derived. Unfranked income is income that has not been taxed in the hands of the company from which it is derived.

a change back to the old method was agreed it must be assumed that there would be no allowance for management expenses and for interest paid, since private individuals cannot claim relief for these items. This might be acceptable to trust which do not borrow money but it would be likely to cause considerable problems for many investment trusts.

U.K. Income gross	200	2,000
Foreign income gross	800	1,000
Less: Expenses and interest paid	1,000	400
Less: Tax on franked income at 34%	600	680
Corporation tax at 52%	288	1,320
Revenue after tax	212	1,320
Dividends paid "net"	£ 120	1,400
Preference	1,400	
Ordinary		1,400
Balance carried forward	200	1,320

The example is a simplified version and does not deal with the complication that can arise when foreign withholding tax is substantial. It does, however, show the main principles: franked income passes straight through to shareholders, whereas unfranked income less interest and expenses is subject to corporation tax before it is available for shareholders.

The Inland Revenue has produced a discussion paper on indexation and other methods of allowing for inflation in the calculation of Capital Gains Tax. Any such adjustment would complicate the calculations considerably, particularly for investment trusts, many of whose holdings will have been built up from a variety of transactions over many years.

Future legislation
In practice, the new system has been unsatisfactory for a number of reasons. Section 111 is quite restrictive in its application with the result that the credit cannot be used in some circumstances (e.g. when the shareholder has losses no other investors can claim exemption under the small disposal rules).

Shareholders who are not liable to tax, such as pension funds and charities, cannot use the credit and cannot claim the tax paid by the investment trust. They are placed at a disadvantage if they use this collective investment medium which is otherwise well suited to their needs.

Around the Market

by Patrick Wiener
Capel-Cure Myers

The tendency to believe that things will never again be the same in the trust market should be resisted. The successful bids for British Investment Trust and Edinburgh and Dundee will remove some £210 million of assets from the market which brings the total contracting for 1977 up to £325 million. This is small beer compared to total assets of over £6 billion. Holders of trust shares must derive some encouragement from recent events. Nevertheless, it would be very unusual for any sector of the market to be dominated by take-over expectations over a prolonged period of time.

Shareholders who wish to raise cash or who wish to take a view of the market have been encouraged to sell trust company shares in preference to others because of the lower rate of tax. This has increased the volatility of trust company shares and has contributed to the higher levels of discounts to asset value at which they have traded in recent years.

Net Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges (6)		Investment Currency Premium (see note 2) (8)	Total Assets less current liabilities (£ million) (1)	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges (6)		Investment Currency Premium (see note 2) (8)
				at nominal value	at market value							at nominal value	at market value	
Pence except where £ stated (see note d)														
VALUATION MONTHLY														
Alliance Trust	Ordinary 25p	30/11/77	6.35	275.1	283.5	29.2	19.4	Philip Hill (Management) Ltd.	Ordinary 25p	30/11/77	4.07	121.5	126.3	8.0
Capital & National Trust	Ord. & "B" Ord. 25p	30/11/77	4.0	157.3	169.1	15.1	10.8	City & International Trust	Ordinary 25p	30/11/77	4.58	168.1	177.7	9.1
Claverhouse Investment Trust	Ordinary 50p	30/11/77	3.2	98.6	98.6	1.0	22.1	General & Commercial Inv. Trust	Ordinary 25p	30/11/77	3.1	102.4	103.1	5.5
Crossbriars Trust	Ordinary 25p	30/11/77	3.3	100.8	100.8	4.5	23.3	Philipp Hill Investment Trust	Ordinary 25p	30/11/77	6.9	225.5	229.1	6.5
Dunlop & London Investment Trust	Ordinary 25p	30/11/77	4.3	206.6	203.0	19.0	57.1	Moorgate Investment Co.	Ordinary 25p	30/11/77	3.055	49.0	49.3	1.4
Edinburgh Investment Trust	Ordinary 25p	30/11/77	2.55	114.2	114.1	15.5	28.3	Nucleon Twenty-Eight Inv. Trust	Ordinary 25p	30/11/77	7.55	266.9	263.4	25.0
Firsi Scottish American Trust	Ordinary 25p	30/11/77	3.45	131.5	134.1	7.9	42.4	Tory & Sims Ltd.	Ordinary 25p	30/11/77	0.4	128.0	134.4	18.6
Grace Trust	Ord. Stock 25p	30/11/77	3.45	131.5	134.1	7.9	102.7	Atlantic Assets Trust	Ordinary 25p	30/11/77	2.0	86.5	92.5	11.5
Great Northern Investment Trust	Ordinary 25p	30/11/77	2.35	103.0	107.5	7.2	34.8	British Assets Trust	Ordinary 25p	30/11/77	0.9	127.3	130.4	24.0
Guardian Investment Trust	Ordinary 25p	30/11/77	3.015	122.5	125.3	22.8	18.8	Edinburgh American Assets Trust	Ordinary 25p	30/11/77	0.9	127.3	137.9	11.9
Investment Trust Corporation	Ordinary 25p	30/11/77	2.1	82.5	82.5	1.5	11.1	Viklog Resources Trust	Ordinary 25p	30/11/77	0.9	137.9	137.9	11.9
Investors Capital Trust	Ordinary 25p	30/11/77	0.7	166.7	166.7	24.0	37.7	Keyser Uhlmann Ltd.	El Capital Loan Stock	30/11/77	6.0	60.0	156.4	-
Jardine Japan Investment Trust	Ordinary 25p	30/11/77	3.2	145.0	148.7	16.1	26.6	Thornorton Secured Growth Tr.	Ordinary 25p	30/11/77	2.0	86.5	92.5	11.5
London & Holywood Trust	Ordinary 25p	30/11/77	3.0	123.5	123.5	28.0	11.1	Thornorton Secured Growth Tr.	Ordinary 25p	30/11/77	2.0	86.5	92.5	11.5
London & Montrose Investment Trust	Ordinary 25p	30/11/77	3.2	145.0	148.7	16.1	37.7	British American General Trust	Ordinary 25p	30/11/77	1.5	51.1	52.1	2.3
London & Provincial Trust	Ordinary 25p	30/11/77	3.0	123.5	123.5	28.0	11.1	Brunner Investment Trust	Ordinary 25p	30/11/77	2.0	86.5	92.5	11.5
Manchester Investment Trust	Ordinary 25p	30/11/77	0.95	108.5	108.5	2.1	26.6	Charter Trust & Agency	Ordinary 25p	30/11/77	2.5	95.8	97.3	7.7
Do. Do.	Conv. Debts 1963	30/11/77	£4.50	£75.70	£81.50	£8.20	11.1	English & New York	Ordinary 25p	30/11/77	2.6	88.7	88.7	0.2
Northern American Trust	Ordinary 25p	30/11/77	2.55	120.5	123.6	14.5	40.9	Family Investment Trust	Ordinary 25p	30/11/77	2.04	57.9	57.9	1.5
Save & Prosper Linked Invest. Trust	Capital Shares	30/11/77	2.96	149.2	149.2	3.9	45.2	Jas Holdings	Ordinary 25p	30/11/77	2.75	92.3	95.1	6.3
Scottish Investment Trust	Ord. Stock 25p	30/11/77	2.36	103.2	103.2	14.7	45.2	London Prudential Invest. Trust	Ordinary 25p	30/11/77	2.6	88.7	95.1	8.7
Scottish United Investors	Ordinary 25p	30/11/77	2.5	123.5	123.5	15.2	45.2	Mercantile Trust	Ordinary 25p	30/11/77	2.6	88.7	95.1	8.7
Scottish Northern Investment Trust	Ordinary 25p	30/11/77	1.7	108.5	110.2	17.2	45.2	Lazard Bros. & Co. Ltd.	Ord. Stock 25p	30/11/77	2.35	113.9	116.2	12.8
Second Alliance Trust	Ordinary 25p	30/11/77	5.65	224.6	229.9	25.3	45.2	Raborn Investment Trust	Ord. Stock 25p	30/11/77	2.35	113.9	116.2	12.8
Shire Investment Co.	Ordinary 25p	30/11/77	7.56	145.6	145.6	24.8	45.2	Romey Trust	Ord. Stock 25p	30/11/77	2.35	113.9	116.2	12.8
Spirus Trust	Ordinary 25p	30/11/77	4.65	218.8	225.2	24.8	45.2	Marin Currie & Co. C.A.	Ordinary 25p	30/11/77	3.35	142.5	146.3	16.0
Technology Investment Trust	Ord. & "B" Ord. 25p	30/11/77	2.25	128.1	130.4	13.1	10.3	Canadian & Foreign Invest. Trust	Ordinary 25p	30/11/77	3.85	149.3	154.2	14.9
United British Securities Trust	Ordinary 25p	30/11/77	3.975	158.1	158.1	15.2	94.1	Scottish Eastern Investment Trust	Ordinary 25p	30/11/77	4.75	183.0	187.7	20.2
United States & General Trust	Ordinary 25p	30/11/77	3.25	133.5	133.5	25.0	24.3	Scottish Ontario Investment Co.	Ordinary 25p	30/11/77	4.0	165.4	168.0	21.3
United States Debenture Corporation	Ord. Stock 25p	30/11/77	3.06	114.9	116.9	12.6	56.3	Security Trust of Scotland	Ordinary 25p	30/11/77	5.65	221.5	240.0	27.1
Do. Co.	Conv. Loan Stk. 1983	30/11/77	£5.00	£120.30	£130.90	£10.60	3.1	Western Canada Investment Co.	Ordinary 25p	30/11/77	16.1	652.7	698.9	77.7
Baillie Gifford & Co.	Ordinary 25p	30/11/77	3.0	142.0	144.4	15.8	248.6	Murray Johnstone Ltd.	Ord. & "B" Ord. 25p	30/11/77	11.8	448.8	484.4	12.4
Scottish Mortgage & Trust	Ordinary 25p	30/11/77	3.5	176.7	180.8	26.7	16.4	Clevedon Investment Trust	Ord. & "B" Ord. 25p	30/11/77	11.8	448.8	484.4	12.4
Edinburgh & Dundee Investment	Ordinary 25p	30/11/77	1.4	64.1	64.8	6.7	16.4	Glendower Investment Trust	Ord. & "B" Ord. 25p	30/11/77	11.8	448.8	484.4	12.4
Wickert Investment Trust	Ordinary 25p	30/11/77	1.4	64.1	64.8	6.7	16.4	Glenmoray Investment Trust	Ord. & "B" Ord. 25p	30/11/77	11.8	448.8	484.4	12.4
Wickerbottom Trust	Ordinary 25p	30/11/77	1.4	64.1	64.8	6.7	16.4	Scottish & Continental Investment	Ordinary 25p	30/11/77	1.2	74.7	74.7	9.2
Burg Bros. & Co. Ltd.	Ordinary 25p	1/12/77	2.05	82.9	82.9	15.6	17.9	Scottish Western Investment	Ord. & "B" Ord. 25p	30/11/77	11.8	448.8	484.4	12.4
Dulwich Investment Trust	Ordinary 25p	10/11/77	12.1	84.5	84.5	126.6	12.1	Seacroft Northern Inv. Trust	Ord. & "B" Ord. 25p	30/11/77	11.8	448.8	484.4	12.4
Thames Investment Trust	Ordinary 25p	30/11/77	4.65	174.2	183.7	14.0	22.1	Schroder: Wagg Group	Ordinary 25p	31/10/77	3.4	179.0	185.5	14.8
East of Scotland Investment Mgmts	Ord. Stock 25p	30/11/77	4.65	174.2	183.7	14.0	22.1	Asdown Investment Trust	Ordinary 25p	31/10/77	3.4	179.0	185.5	14.8
Aberdeen Trust	Ord. Stock 25p	30/11/77	4.65	174.2	183.7	14.0	22.1	Do. Do.	Conv. Loan 1988/93	31/10/77	£4.75	£125.30	£129.90	£9.90
Edinburgh Fund Managers Ltd.	Ord. & "B" Ord. 25p	30/11/77	*1.3	56.3	58.4	4.1	28.6	Broadstone Investment Trust	Ord. Loan 20p	30/11/77	4.5	187.0	194.6	16.1
American Trust	Ord. & "B" Ord. 25p	30/11/77	*1.3	56.3	58.4	4.1	28.6	Do. Do.	Conv. Loan 1988/93	30/11/77	£4.50	£124.70	£129.90	£10.80
Crescent Japan Investment Trust	Ordinary 50p	30/11/77	1.3	168.0	180.5	28.5	30.4	Continental & Industrial Trust	Ordinary 25p	30/11/77	5.75	232.5	202.7	18.0
Electra House Group	Ordinary 25p	30/11/77	4.3	155.1	136.7	8.3	22.1	Trans-Oceanic Trust	Ordinary 25p	30/11/77	5.75	232.5	202.7	18.0
Electra Investment Trust	Ordinary 25p	30/11/77	4.1	147.4	147.6	47.8	28.9	Do. Do.	Conv. Loan 1986/93	30/11/77	£4.50	£127.70	£141.70	£13.40
Glbe Investment Trust	Conv. Loan 1987/91	31/10/77	£3.50	£121.10	£130.80	£9.70	12.8	Westpool Investment Trust	Ordinary 25p	30/11/77	2.65	138.1	126.4	12.7
Do. Do.	Conv. Loan 1985/91	30/11/77	£2.8	£109.50	£119.80	£9.10	12.8	Do. Do.	Conv. Loan 1989/94	30/11/77	£3.00	£119.90	£122.90	£11.40
Do. Do.	Ordinary 25p	30/11/77	8.5	230.3	234.9	6.7	73.3	Stewart Fund Managers Ltd.	Ordinary 50p	30/11/77	2.15	105.1	106.4	6.5
Temple Bar Investment Mgmt. Ltd.	Conv. Loan 1988/90	30/11/77	£8.75	£131.20	£139.00	£8.80	12.0	Scottish American Investment Co.	Ordinary 25p	30/11/77	1.2	50.0	50.0	2.9
Do. Do.	Conv. Loan 1987/91	30/11/77	£6.00	£99.00	£101.00	£2.00	12.0	Scottish European Investment Co.	Ordinary 25p	30/11/77	1.2	50.0	50.0	2.9
F. & C Group	Ordinary 25p	30/11/77	2.45	128.5	133.0	11.6	96.6	Touche Remnant & Co.	Ordinary 25p	30/11/77	1.8	77.1	80.0	4.4
Alliance Investment	Deferred 25p	30/11/77	3.5	148.1	151.3	13.0	30.4	Atlas Electric & General Trust	Ordinary 25p	30/11/77	2.3	71.5	75.2	4.6
Cardinal Investment Trust	Conv. Loan 1985/87	30/11/77	£6.00	£118.20	£122.60	5.4	30.2	Bancks Investment Trust	Ordinary 25p	30/11/77	2.5	84.3	86.8	3.6
Do. Do.	Ordinary 25p	30/11/77	0.85	61.8	61.8	19.4	39.1	Cedar Investment Trust	Ordinary 25p	30/11/77	2.5	84.3	86.8	3.6
F. & C. Eurotrust	Ordinary 25p	30/11/77	2.9	121.8	121.8	9.5	39.1	City of London Brewery	Deferred 25p	30/11/77	2.4	74.3	74.3	1.3
Foreign & Colonial Invest. Trust	Ordinary 25p	30/11/77	3.4	137.5	142.0	9.5	39.1	Continental Union Trust	Ordinary 25p	30/11/77	2.85	139.6	154.9	12.3
General Investors & Trustees	Ordinary 25p	30/11/77	2.1	84.7	84.7	11.0	167.5	CLR P Investment Trust	Ordinary 25p	30/11/77	1.9	65.8	68.3	5.9
James Finlay Investment Mgmt. Ltd.	Ordinary 25p	30/11/77	1.7	78.5	78.5	5.7	16.4	India & General Trust	Ordinary 25p	30/11/77	1.42	60.5	60.5	2.1
Provincial Cities Trust	Ordinary 25p	30/11/77	1.7	78.5	78.5	5.7	16.4	International Investment Trust	Ordinary 25p	30/11/77	2.25	95.1	100.2	5.1
Gartmore Investment Ltd.	Income 50p	30/11/77	7.2	102.1	102.1	4.2	30.4	Sphere Investment Trust	Ordinary 25p	30/11/77	2.9	146.0	156.6	11.4
Affund	Capital 50p	30/11/77	0.96	246.6	246.6	4.2	81.3	Trustees Corporation	Ordinary 25p	30/11/77	4.0	180.2	185.8	8.2
Anglo-Scottish Investment Trust	Ordinary 25p	30/11/77	1.6	58.1	58.2	3.0	34.3	Williams & Gilpin's Bank Ltd.	Ordinary 10p	30/11/77	2.6	139.0	129.5	7.5
Erzieh & Scottish Investors	Ord. & "B" Ord. 25p	30/11/77	2.2	75.1	75.5	3.7	34.3	Aviania Baltimore & Chicago	Ordinary 10p	30/11/77	0.5	65.8	65.8	7.



Wilkinson Match

Interim Report

Half Year ended 30th September, 1977

Pre-tax profits increased by 20%.

	1977 £'000	1976 £'000	Full Year 1976-77 £'000
Group Results-unaudited			
TURNOVER	93,673	88,578	182,698
OPERATING PROFIT	8,994	7,528	15,289
INTEREST	1,771	1,496	2,943
PROFIT BEFORE TAX	7,223	6,032	12,346
TAXATION			
United Kingdom	1,076	727	2,095
Overseas	2,631	2,361	4,223
PROFIT AFTER TAX	3,707	3,088	6,318
MINORITY INTERESTS	3,516	2,944	6,028
ATTRIBUTABLE TO SHAREHOLDERS (before Extraordinary Items)	2,657	2,218	4,580
EARNINGS PER SHARE			
Basic	11.73p	9.77p	20.18p

Dividend
The Directors have declared an interim dividend of 3.78177p per share for the year to 31st March, 1978, which, together with the imputed tax credit, is equivalent to 5.7295p—an increase of 10% as compared with the previous year. This dividend will be paid on 1st April, 1978 to shareholders on the register at 17th February, 1978, and will absorb £847,000 (1977—£758,000).

Wilkinson Match is an international company manufacturing and marketing Consumer Products and Safety and Protection equipment.

Registered office: 13 Stanhope Gate, Park Lane, London W1Y 5LB

RHP looking for volume increase

- SALES volume maintained with an increase in exports of 18%.
- EXPORTS now account for 22% of total factory deliveries.
- BEARING margins suffered from severe world competition but RHP is well placed to obtain higher sales and good earnings when the market recovers.
- MTE, the electrical company, had an excellent year. Increasing sales and profits should continue to be generated.
- PHILIDAS, the fastener company, although profitable, operated below capacity.

RHP's profit before interest and tax was £6.7m compared with last year's £6.5m. The pre-tax profit was £5.4m, including £1.5m from MTE, compared with £5.3m last year, including £1.3m from MTE. Sales increased to £24.9m compared with £17.8m last year, MTE accounted for £7.1m compared with £6.2m.

Capital investment has continued at the high level of £5.5m following a period of sustained expenditure. In the current year investment will be only half that figure and no cash outflow on current operations is expected.

A final dividend of 2.40p is proposed, the maximum increase permitted, making a total of 3.84p and compared with 3.44p in 1975/76.

The Secretary of State for Industry asked the Board to release Sir William Barlow to take up the appointment of Chairman of the Post Office. The new Chairman is Mr. John Eccles who took over on October 1, 1977. Since the formation of RHP in 1970 the objective of creating a strong viable British-owned bearing company has been achieved. In addition the company's base has been broadened by the acquisition of MTE and by developing other activities. RHP is now a name known all over the world and respected by customers and competitors.

Any substantial increase in world activity following the present long recession is expected to appear rapidly in the gross and net margins earned by RHP.

	1977	1976
Results for 52 weeks to September 30, 1977		
Trading results £000		
Sales	84,915	78,381
Profit before tax	5,444	5,261
Profit available for Ordinary Dividends	2,594	2,371
Dividend per share	3.84p	3.44p
Earnings per share	9.5p	10.0p



Copies of the Report are available from the Secretary, Ransome Hoffman Pollard Ltd., PO Box 7, Chelmsford, Essex. © 31 6P140

BIDS AND DEALS

Spink & Son suspended at own request

BY CHRISTINE MOIR

The mystery surrounding the future for Spink and Son, the international coin and art dealers, deepened today when the shares were suspended at 28p at the company's request. A statement is expected shortly, probably on Monday.

The suspension follows two and a-half months of speculation since the company first announced that it was in bid talks. Only last Friday the talks were officially declared "off" but a number of potential bidders were said still to be interested.

Top favourite was the stamp dealer, Stanley Gibbon International, which has expressed an interest in Spink. On Wednesday, however, Gibbons announced that it was not holding talks with Spink and would not be making a bid.

Within 24 hours Spink's shares were suspended although the price had not changed during the day and was 49p below the peak to which it had risen during the initial talks.

Only a handful of companies in the numismatic and fine art fields are thought to have the financial capacity to acquire Spink. Control is firmly in the hands of the family, who have made it clear they would only sell at a premium.

Net assets in the latest balance sheet are shown at 166p per share but they include a number of properties, including the rambling headquarters in King Street in the City, next to fine art dealers, Christie's. A realisation of these could virtually double the asset base, according to some City estimates. In addition, stocks are also conservatively valued in the books.

JATEL
The "Indianisation" proposals put forward by Jatel include the flotation of part of a new subsidiary on the Calcutta stock exchange. Under the "Indianisation" rules, tea companies have to be registered in India and 26 per cent must be sold to residents. In Jatel's case, the Indian assets of its subsidiary Jorehaut Tea are to be transferred to a new company in India called Jorehaut Group with effect from January 1, 1978. In due course

LADBROKE/L & G
Ladbroke's contested bid for Leisure and General is warming up with Ladbroke quickly replying to L and G's rejection document. Ladbroke noted yesterday that the L and G circular contained no profit forecast. More-

BIRMINGHAM ENGINEERS LINK
The Speedwell Gear Case Company and its neighbours, The Talboys Manufacturing Company, both of Tame Road, Witton, Birmingham, announce that, for reasons of economy, the majority of their metal engineering functions are being combined for accounting and administrative purposes, although that part of Talboys will be retained as the manufacturing division in the Speedwell Group. The remainder of the Talboys manufacturing interests are being continued as before.

DEUNDI/GADEK IN TALKS
The Boards of Deundi Holdings and Gadek, Indonesia, announce that, following completion of the revised offer to present being made by Rightswift for Deundi, they intend to open discussions with a view to exploring the possibility of a merger between their respective companies. The holding of these discussions enjoys the support of Rightswift and its concertees, who are major shareholders in both Deundi and Gadek. Indonesia, and accords with the intentions of Rightswift of the development of Deundi as expressed in the revised offer document. A further announcement will be made as soon as any conclusion to the discussions has been reached. It is, however, anticipated that this may take three months or longer.

BLVTH GREENE LIFTS STAKE IN HARPER GILFILLAN
Blyth, Greene, Jourdain, British based overseas merchants, has agreed to buy additional stakes in Harper Gilfillan Ltd for at least £1.5m. Harper Gilfillan is a public company in the Far East with a variety of interests including merchanting, engineering and shipping. Blyth, Greene, which is an associate of John Swire, is to buy 1.13m. Ordinary shares and 1.62m. loan stock from North Borneo Timbers, a Malaysian public company. The total consideration will amount to a minimum of £1.5m. with additional payments depending on profit performance. The investment will take BGE's share of Harper Gilfillan's equity to just under 50 per cent. A spokesman said yesterday that the purchase would be subject to approval of the foreign investment committee. BGE has no intention to increase its stake any further.

ASTBURY & MADELEY
Astbury and Madeley (Holdings) announces that agreement has been reached for the purchase of the capital of the Birmingham Steel Company for a consideration of £158,000 cash. The purchase takes effect from January 1, 1978, and completion is fixed for January 3.

DEUNDI/GADEK IN TALKS
The Boards of Deundi Holdings and Gadek, Indonesia, announce that, following completion of the revised offer to present being made by Rightswift for Deundi, they intend to open discussions with a view to exploring the possibility of a merger between their respective companies. The holding of these discussions enjoys the support of Rightswift and its concertees, who are major shareholders in both Deundi and Gadek. Indonesia, and accords with the intentions of Rightswift of the development of Deundi as expressed in the revised offer document. A further announcement will be made as soon as any conclusion to the discussions has been reached. It is, however, anticipated that this may take three months or longer.

MORGAN GRAMPIAN FORECASTS £3.75M
Morgan-Grampian, the publishing group which is subject to an agreed bid from Trafalgar House, has increased its profit forecast for the year to March 1978 by a 5 per cent to £3.75m. This compares with £2.1m in 1977.

DOCKS BOARD TO BUY NEWPORT STEVEDORING
The British Transport Docks Board and the Newport Stevedoring Company have reached an agreement in principle for the Board to acquire the business of the Company. The Board of NSC have agreed to recommend to their shareholders the sale of the business and subject to ratification by all parties concerned, the acquisition will be effective from February 1, 1978.

BOC/AIRCO
BOC International's approved tender offer for 1.8m shares of Airco Common stock at a price of \$43 a share is expected to terminate at 5 p.m. New York time, on January 23, unless extended. If the tender offer is successful, full BOC which already holds close to 34 per cent of Airco's stock, will own about 48 per cent, of the approximately 11.98m. Airco shares outstanding.

ASSOCIATE DEALS
On December 14, L. Messel and Co. purchased 20,000 Ordinary Shares in Leisure and General Acheson Industries (Europe) for Holdings at 50p on behalf of Town and County Factors, a Jan 2 1978 of the capital of its wholly owned subsidiary of Ladbroke Group.

DANISH PURCHASE BY PILKINGTON
Pilkington Pilkingtons AB, the Swedish float glass manufacturing subsidiary of British Pilkington Group, has acquired Glasstrup A/S, one of Denmark's leading glass merchandising companies. Acquisition of Glasstrup consolidates PFAB's position in Denmark where the Danish company has a wide geographical spread of merchandising outlets.

FOTHERGILL
Fothergill and Harvey announce that agreement in principle has been reached with shares in Leisure and General Acheson Industries (Europe) for Holdings at 50p on behalf of Town and County Factors, a Jan 2 1978 of the capital of its wholly owned subsidiary of Ladbroke Group.

ROWE AND PITMAN, HURST-BROWN
Rowe and Pitman, Hurst-Brown announce on December 14 bought for Nor-financial details as soon as these west Hamlet 52,405 Newwest 7 perhaps been finalised.

ASSOCIATE DEALS
On December 14, L. Messel and Co. purchased 20,000 Ordinary Shares in Leisure and General Acheson Industries (Europe) for Holdings at 50p on behalf of Town and County Factors, a Jan 2 1978 of the capital of its wholly owned subsidiary of Ladbroke Group.

MONEY MARKET

Further signal on rates

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977) The authorities took advantage of the shortage of credit in the London money market yesterday to repeat its previous message on interest rates. The Bank of England lent a moderate amount for seven days to eight or nine discount houses at Minimum Lending Rate, to underline the desire for stability in short-term interest rates. The authorities also lent an extremely large amount overnight at MLR, to the same number of houses, and the total amount of assistance was exceptionally large.

	Dec. 16 1977	12 month	3 month	1 month	Overnight	12 month	3 month	1 month	Overnight
Bank of England	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Interbank	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74
12 month	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74
3 month	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74
1 month	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74
Overnight	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74

Superstore guidelines disappoint retailers

By Elinor Goodman, Consumer Affairs Correspondent
FOUR OF THE largest developers of superstores said yesterday that they were disappointed by the Department of the Environment's new guidelines on large stores. Only Tesco welcomed the new policy note wholeheartedly.

The guidelines, published on Wednesday, make it clear that the Department would prefer the new kind of very large supermarkets to be built within existing urban areas rather than on the outskirts of towns where they can be reached only by car.

Asda said that while it welcomed the Department's recognition that large stores were to be welcomed in certain circumstances, it was particularly disappointed by the lack of clarification in the note. It would not help retailers to know the sites for which they might be planning permission, and the amount of time and money on abortive applications.

Carrefour, the first company to bring the new guidelines to Britain said that if anything the note would make it a little easier for the planners to turn down applications for big stores. The guidelines were very satisfactory.

Only Tesco welcomed the note without reservations, describing it as "good news for the housewife and the retailer". Over the last few months Tesco has anticipated to some extent the emphasis on the need to regenerate inner city areas; the Department's policy, and has been looking for sites within urban areas.

The Government had accepted its own arguments that large stores could do much to revitalize inner city areas if they were sited carefully to social and recreational amenities, Tesco said.

Homes switch in new town

NEARLY 14,000 new houses in Stevenage new town are transferred to Steveborough Council as a result of proposals approved by Mr. Shore, Environment Secy.

This brings to nearly 100,000 number of houses in new town to be transferred to local councils. The scheme is the last in a series approved by Mr. Shore, which transfer rented housing and associated property in ten of the early new towns to the relevant district councils.

Power discount for Ulster pool

POOR PEOPLE in Northern Ireland will receive 15 per cent more discount on winter electricity and gas bills than rest of the country, Mr. Mason, the Northern Ireland Secretary, said yesterday. Part of gas and electricity are high in Northern Ireland.

New sawmill

A SAWMILL costing £225,000 and providing 20 jobs is to be built by the Economic Forestry Group and Gifford Timber Pulp Ltd at Dunoon, Argyll. It will produce fencing and related timber and later be used for the construction industry.

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National and Commercial Charterhouse chief calls for tax cut ahead £1m.

IMPORTANCE of improving liquidity in U.K. industry and controlling wage increases is stressed by Sir James Blair, chairman of the National Commercial Banking Group.

Mr Blair, who is also chairman of the group's subsidiary, National Commercial Bank, said that progress would be made if individual incomes were reduced by 10 per cent. He also expressed his concern with the measures in the Finance Bill, which were aimed at reducing the heavy burden of direct taxation.

Mr Blair said that the group's earnings were down about 15 per cent and its advances by 9 per cent.

comment

The sharp cutback in the currency book of Williams and Glyn's to "improve" liquidity is an intriguing feature of this year's report from National and Commercial Banking Group. In striking contrast the Royal Bank has been rapidly expanding its currency business, and has also been building up its sterling advances at a time when Williams and Glyn's have barely increased its average sterling lending. Part of the explanation for this poor leading performance by Williams and Glyn's may lie in its high exposure to the slack trend of industrial credit demand in the North of England. But it can be no coincidence that management changes, including the departure of Mr Richard Lloyd, suggest an increasing domination of the group by the Royal Bank. At least the group took advantage of the quiet period to improve its already comfortable balance sheet ratios, but so far the increased facilities being widely requested by customers are not yet being utilized.

is now a fraction of its previous size it cannot therefore be expected to produce results which could in the foreseeable future provide a dividend on its existing issued capital.

The company is trading profitably at present. However, he adds, in spite of drastic cuts, the cost of remaining a listed public company still has to be borne.

The directors are actively seeking situations to promote further growth and it is quite obvious that to achieve this object the issued share capital may have to be reconstructed.

Hawkins & Tipson tops forecast

MANUFACTURERS of ropes, wire products, furniture, etc., Hawkins and Tipson, reports turnover up ahead from £280,000 to £320,000, the directors say no reason why the full-time target of £3m. should not be reached.

Full-year earnings are given at 15.74p (10.47p) per 25p share and the dividend is lifted from 3.57p to 3.983p net with a final of 2.993p.

WITH OPERATING profits from taken to eliminate loss-making banking and distribution and services activities in Charcon and Alenco, vioss showing a strong growth, pre-tax profit of Charterhouse Group climbed from £7.5m. to £8.51m. in the year to September 30, 1977.

comment

Turnover, excluding development capital, banking and associated companies, was £143.85m. against £131.17m. and after all charges and extraordinary items attributable profit was £2.45m. compared with £4.18m. last year. Earnings per share are stated at 5.73p (4.61p).

An unchanged final dividend of 2.175p net per 25p share takes the total to 3.559p (sama).

Directors say the banking subsidiary Charterhouse Japnet had an excellent year with profits stemming from increased activity in every department.

While insurance brokerage income showed substantial growth, profits were only marginally better in this division because of increased expenses.

1976-77	1975-76
Operating profit	11,270
Finance	1,280
Insurance	1,280
Development capital	2,570
Engineering	2,570
Construction products	1,280
Distribution and services	1,280
Interest	1,280
Current activities	1,280
Tax	1,280
U.K.	1,280
Overseas	1,280
Associates	1,280
Net profit	1,280
Provision made in accounts for U.K. tax deferred by tax allowances for plant and machinery or for increases in stock and work in progress where it is considered that reduction in liability will continue for foreseeable future. Comparative figures restated.	1,280
Ordinary dividends	3,570
Retained profit	1,280

Overall profits in development capital were maintained and in the engineering side Newage profits rose 21 per cent on a strong recovery in the order book.

All Alenco's subsidiaries showed an improvement except for the French subsidiary where substantial trading losses were incurred.

A major re-organisation of French activities has been carried out with some closures, and provisions of £1.1m. for the cost of this have been included in extraordinary items.

Extraordinary losses were swollen by a £981,000 loss on the translation into sterling of overseas net assets (£1.51m. gain), less the gain arising on the final conversion of the 8.5 per cent. Loan Stock.

Prince of Wales well ahead so far

Reflecting the much more successful trading which the group is currently enjoying, Prince of Wales Hotels reports a taxable profit of £49,240 for the 28 weeks to July 13, 1977, compared with a loss of £1,167 last time. Profit for the whole of 1976 was £54,741.

The directors say that in the past the company's profits have been made in the second half of the year with the first half showing a loss or very insignificant surplus.

Trading is continuing on the same trend in the second half and the full-year results should show a substantial improvement over last year, the directors add.

Again there is no interim dividend, last year's single payment being 2.585p per 25p share.

Turnover for the half year was ahead from £1.26m. to £1.62m. There is no tax charge due to the availability of allowances brought forward.

Downturn at Bechwood Construction

With turnover down from £3.78m. to £3.64m., taxable profit of Bechwood Construction (Holdings) fell from £195,541 to £134,522 in the September 30, 1977, half year.

Mr. M. C. Thomas, chairman, says the results are disappointing, reflecting difficult trading conditions in most of the group's main activities.

Because of continuing losses Port Talbot Electrical Company is to be closed down. Its half-year loss of £53,000 has been excluded from results.

Mr. Thomas says conditions in the civil engineering and construction industries remain highly competitive but there are more encouraging signs for the engineering companies, which will be reflected in full-year results.

Interim dividend is held at 0.5p per 10p share. A total of £40,888 was paid on profit of £40,888 last year.

Brit. Anzani agrees with Bankers' Test

British Anzani, the Maidstone-based engineering to property development concern, has reached agreement in principle with its major creditor, Bankers' Trust, and intends to apply for a re-listing of the shares "as soon as practicable".

The company said yesterday that the new arrangements should enable the main subsidiaries to trade normally.

Details of the agreement, with Bankers' Trust International also as follows:

The guarantees in favour of B.T.I. by the B.A. main trading subsidiaries British Anzani Construction Group, Medway Secondary Metals, and Mainstone Paper Converters have been paid in full.

The contingent liability of B.A. to B.T.I. under its guarantees to B.T.I. will be effectively reduced to a sum not exceeding £2m.

To enable B.T.I. to deal directly with the disposal of properties over which it has first charges, and to allow the remainder of the B.A. group to concentrate on its other activities, the directors of the subsidiary companies owning such properties by agreement with and in order to assist B.T.I. have invited B.T.I. to act in its capacity as mortgagee or appoint a receiver as appropriate in respect of the Felkstone Estate and four freehold properties in London, Hampshire, and Northampton.

Outlook at Bank Bridge

In the annual report of Bank Bridge Group, Prof. R. Smith, 1.8p was paid on profit of £40,888 last year.

MINING NEWS

Australian unions urge uranium sales ban

The executive of the Australian Council of Trade Unions yesterday called on member unions to place an immediate ban on uranium exports pending a vote to predict the outcome of a pro-cess which might solidify existing union divisions.

The move is a union response to the electoral victory of Mr. Malcolm Fraser's Liberal Country coalition which favours development of the vast Australian deposits.

Union members will be asked to consider as a matter of urgency the proposition that all workers involved in uranium mining ventures should be withdrawn and that other workers should refuse to handle uranium for export.

He said that the companies were: America's Amax, South Africa's Anglo American Corporation, West Germany's Preussag and Conzinc Rhotinto of Australia.

So far they are believed to have spent some \$9m. on exploration.

In London yesterday a spokesman for the RIZ group confirmed that the project was now being taken into the exploration and evaluation stage, but added that there was no indication that any decision was near.

Mr. Levenig also said that other companies have been granted 18 prospecting licenses for copper, zinc and gold. He added that 14 more applications were under consideration.

STATE CASH FOR MARINDUQUE

The Manila copper and cement group, Marinduque Mining Industrial, is turning to the Philippine Government for an injection of cash in exchange for a larger equity stake.

Mr. Jacob Cabarrus, the executive vice-president, said yesterday that a formal offer is expected shortly from the Government to boost its stake to 25 per cent from 12 per cent.

Marinduque is seeking to raise its authorized capital to P200 million (P98.1m.) from P100 million (P49.1m.) in P25m. shares of which P25m. is paid up, but does not wish to seek funds from private shareholders in view of the depressed metal markets.

Mr. Cabarrus predicted that this year's loss at Marinduque would be about P25m. (P12.5m.), an improvement on the loss of P25m. in 1976. The group owns the Government P25m. in mining royalties for the first nine months of this year, compared with P25m. for the whole of 1976.

AZCON'S U.S. ACQUISITION

The Consolidated Gold Fields group's U.S. subsidiary, Azcon Corporation, has acquired a 51 per cent stake in Staleo Trading of Dusseldorf, West Germany. A 49 per cent interest in Staleo has been retained by its managing director, Mr. Arno Bull. The purchase price is understood to be less than \$20.5m.

Staleo is engaged in the import and export of steel-related products in Europe, the Near East and Africa, as well as the United States.

Azcon is involved in the processing and distribution of carbon, alloy and stainless steel throughout the U.S. and has related manufacturing operations.

ENDEAVOUR'S \$1M. DISPOSAL

Australia's Endeavour Resources has sold its subsidiary, Australian Thal Tin to NL Industries of New York for \$US1.1m. (£0.6m.).

Australian-Thal Tin operates barites mines in Thailand and has continually made losses owing to a restricted shipping season. The company holds substantial reserves of ore which are of importance to the NL Industries barite division.

Endeavour will continue to manage operations for at least two years under a "cost-plus" management contract. No change is contemplated in Endeavour's 50 per cent ownership of Asian Mineral Products which is operating profitably, milling oil-well barites in Singapore.

MINING BRIEFS

LONDON TIN CORPORATION—Amalgamated Tin Mines of Nigeria November output, 10 3/4 tonnes concentrate, 10 1/2 tonnes concentrates (October 184 tonnes and 24 tonnes respectively).

WHEEL JAMES—November production of tin contained in concentrates 81.94 tonnes, October 81.5 tonnes. Mill operated for 25.75 days during November.

\$560M. FIJIAN COPPER HOPE

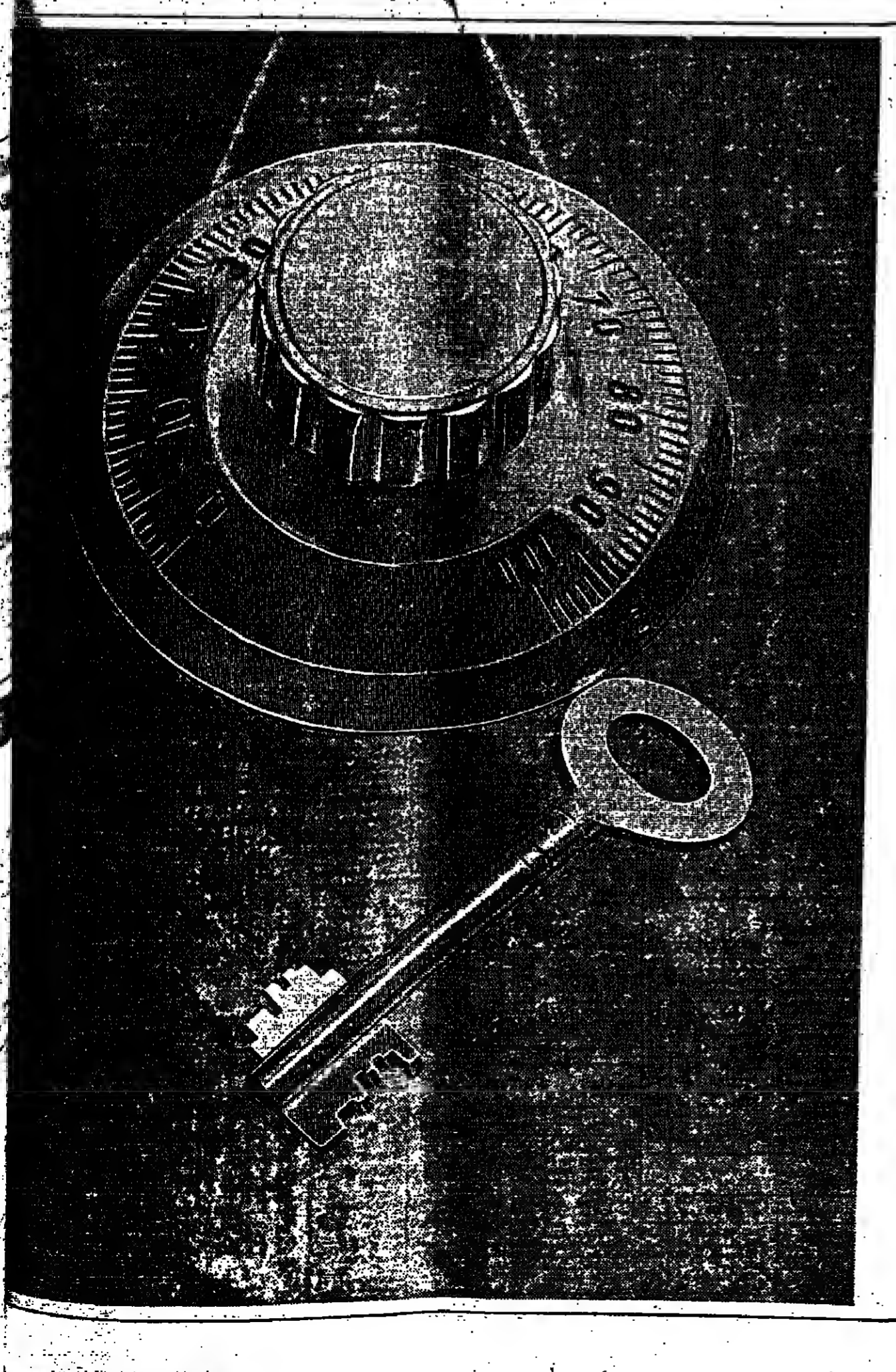
According to the Fijian Minister of State for Lands and Minerals, Mr. Milton Levenig, an international consortium of mining and smelting companies believes that a \$560m. (£304m.) investment might be justified in an open-cast copper mine at Namosi, 25 miles north-west of Suva.

Young Austen at £0.25m. halfway

Mechanical, electrical and plumbing contractors Young Austen and Young more than doubled pre-tax profit from £122,000 to £254,000 in the October 31, 1977 half-year on turnover ahead from £3.06m. to £4.64m.

Directors say that from the figures available they believe full-year results will show an improvement on last year's record of £42,701. Group orders for the first six months were "very satisfactory" they say and the future prospects are encouraging.

The result is subject to tax of £122,000 (£63,000). The company does not pay interim dividends and last year an equivalent of 2 1/2p net per 25p share was paid on the July one-for-three scrip issue.



Where there's a will, there's not always a way.

When the key you use to open doors at home doesn't seem to be working abroad, come to the Deutsche Bank.

Rest assured: we won't stop searching until we've found the right combination to allow you to reach your goal.

Our involvement is that of a universal bank, active from the initial order, right through to the final dollar, rial or yen transacted. So we lend money, float securities and also deal in them, just as we open letters of credit or trade in bullion.

More often than not, it's the right contact at the right moment that supplies the right key in business. That's something you can expect from us; from the knowledge and experience of our people in all parts of the world.

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Deutsche Bank, a century of universal banking

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES + Dollar erratic

Index reacts 5 in moderate trade

BY OUR WALL STREET CORRESPONDENT

PARTLY REFLECTING investors' disappointment with the Bundesbank's package, announced this morning, to try to boost the domestic dollar...

THURSDAY'S ACTIVE STOCKS: Stocks traded today... Dow Jones Industrial Average... 1,211.25

Indices

Table of stock indices including NYSE-DOW JONES, Standard and Poors, and various international indices like London, Paris, and Tokyo.

well maintained, with Demag gaining DM2, but Klocknerwerke declined DM2 in generally steady Steels...

OTHER MARKETS: Canada mixed, Mexico mixed, and other regional market updates.

NEW YORK, Dec. 15

The dollar continued to fluctuate in very thin trading in the foreign exchange market yesterday. It ranged between DM2.12 and DM2.125 against the DM...

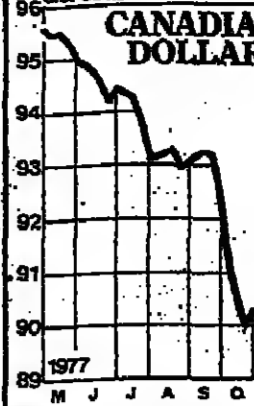
JOHANNESBURG: Gold prices were easier-inclined on lower Bullion indications in a very quiet market...

GOLD MARKET

Table of gold market prices for various locations including London, New York, and other international markets.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies including the British pound, Swiss franc, and others.



CURRENCY RATES

Table of currency rates for various countries including Australia, Canada, and others.

EXCHANGE CROSS-RATES

Table of exchange cross-rates between various major currencies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various maturities and currencies.

FORWARD RATES

Table of forward rates for various currencies and maturities.

OSLO

Table of stock prices for various companies listed on the Oslo stock exchange.

BRUSSELS/LUXEMBOURG

Table of stock prices for various companies listed on the Brussels/Luxembourg stock exchange.

SWITZERLAND

Table of stock prices for various companies listed on the Swiss stock exchange.

MILAN

Table of stock prices for various companies listed on the Milan stock exchange.

VIENNA

Table of stock prices for various companies listed on the Vienna stock exchange.

OVERSEAS SHARE INFORMATION

Large table of overseas share information listing various international companies and their stock prices.

GERMANY

Table of stock prices for various companies listed on the German stock exchange.

TOKYO

Table of stock prices for various companies listed on the Tokyo stock exchange.

AMSTERDAM

Table of stock prices for various companies listed on the Amsterdam stock exchange.

COPENHAGEN

Table of stock prices for various companies listed on the Copenhagen stock exchange.

STOCKHOLM

Table of stock prices for various companies listed on the Stockholm stock exchange.

SPAIN

Table of stock prices for various companies listed on the Spanish stock exchange.

SECURITIES RISK DISCLOSURE

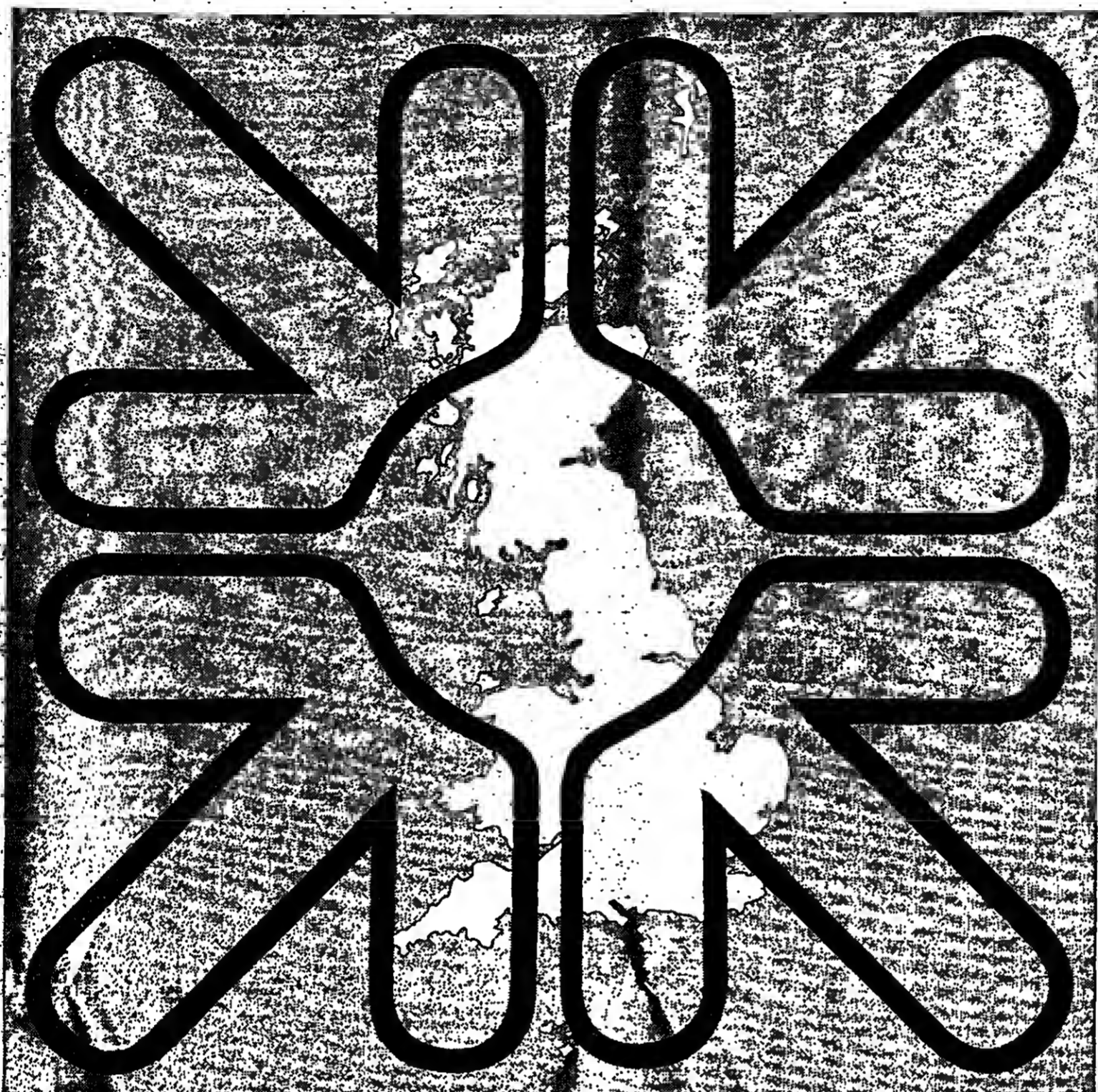
Investment in securities involves risk. Past performance does not guarantee a similar outcome.

National and Commercial Banking Group LIMITED

The Royal Bank of Scotland Limited



WILLIAMS & GLYN'S BANK LIMITED



Symbol of our Strength

Annual General Meeting of the Shareholders of National and Commercial Banking Group Limited will be held in the British Hotel, Edinburgh, on Thursday, 12th January at 12 noon. The following is from the Statement by James Blair-Cunynghame, OBE, LLD, DSc, Chairman of Board.

YEAR'S OPERATIONS

Relatively modest increase in profits for the twelve months has been achieved against a background of depressingly stagnant demand for credit and a lower average base rate for the year of 10.71 per cent. which masks dramatic movements in the actual base rate during the year. The average margin between base rate and retail deposit rate was slightly narrower for the year, but was considerably wider in the first six months. Against this background of sharp changes in interest rates the underlying sluggishness in the economy was reflected for the year in a growth of average sterling deposits by 9 per cent. and of average sterling advances by only 6 per cent. over the year.

Costs rose by about 12 per cent. compared with 17 per cent. in the previous year, reflecting not only the lower inflation rate but also the continued efforts by the Group's two member banks to contain costs in any way and their adherence to the policy of income restraint.

Royal Bank of Scotland Group: The operating profit, excluding the share of associated companies, was £34,050,000 or 8 per cent. higher than the previous year. The economic recession, which has been more marked in Scotland than other parts of the United Kingdom, has had a more marked impact during the past year and bank lending has been somewhat depressed. No material improvement is anticipated for the immediate future. Competition for the provision of financial services in Scotland has continued to intensify.

Williams & Glyn's Bank Group: The operating profit, at £890,000 excluding the share of associated companies, shows an increase of 8 per cent. on the previous twelve months. The process of rationalising the branch network to meet customers' needs has been completed.

THE ECONOMY

There has been a remarkable change in the economic scene since this time last year as evidenced by a strong recovery in sterling, a balance of payments that has moved into surplus, interest rates dramatically reduced and the forecast inflation rate pointing steeply down towards single figures on an annual basis. Most of these trends have shown a marked and almost embarrassing acceleration since the end of July when sterling was allowed to move away from the dollar.

This striking turnaround is principally due to important changes of opinion in two areas. First, the overseas view of the United Kingdom economy started to change following the Government's undertakings to the IMF, from the obvious determination of the trade unions and employers to restrain incomes and finally from the growing evidence that the benefits to our economy from North Sea oil were starting to materialise and on a larger scale than many had anticipated.

Secondly, and associated with this greatly improved international rating, we have begun to revise our own opinion of ourselves and of our future. This is hard to measure but it is critically important nevertheless. The best evidence of this is the broad recognition by almost every household not only that continuing inflation at the rates we have experienced in the past few years is potentially erosive of all the standards upon which our lives have traditionally been based but also that it could ultimately lead only to destruction. Nevertheless, despite these most significant changes in what others think of us and what we think of ourselves, it is of the highest possible importance to understand that there are but few real signs yet of improvement in the key areas of our economy.

THE SCOTTISH ECONOMY

After a period in which the relative performance of the Scottish economy continued to benefit from oil activity the current position and the outlook are now again dominated by features common to the whole of the United Kingdom. Indeed there are now signs in Scotland that the market both for manufacturing industry and for the important construction sector is, if anything, weaker than for the United Kingdom in general and unemployment has continued to rise faster than the national average.

THE FUTURE

Thus although it is possible that some measure of success is within sight, to achieve it will mean much hard work and even then we shall only be on the early stages of the road to recovery. But even an orderly return to free collective bargaining and adherence thereby to the policy of voluntary restraint would not of itself bring about the improvements in productivity per head and in industrial production which are so critical to our future prosperity. The outcome will not emerge quickly nor can it be forecast easily over the short term. It is essential to continue the process of informing and educating people about the changing society and world in which we live, but apparently simple solutions to our problems or generalisations regarding our situation are mostly superficial and often misleading.

15th November 1977.

Salient Figures		
	1977	1976
Group profit before taxation and extraordinary items	£64,095,000	£57,720,000
Profit after taxation but before extraordinary items	£30,162,000	£27,884,000
Earnings per 25p ordinary share	13.4p	12.4p
Dividend per 25p ordinary share	2.6329p	2.3573p
Deposits and customers current accounts (including notes in circulation)	£3,455,933,000	£3,306,633,000
Total assets	£3,882,571,000	£3,677,529,000

Copies of the Directors' Report and Accounts containing the Chairman's full Statement may be obtained from The Secretary, National and Commercial Banking Group Limited, 36 St. Andrew Square, Edinburgh EH2 2YB.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN NEWS

MAN sees slower growth in turnover

By Our Own Correspondent

FRANKFURT, Dec. 15.

MASCHINENFABRIK Augsburg-Nuernberg, one of West Germany's leading truck manufacturers, is expecting to see sales of the year at a rather slower rate...

This means that the parent's sales during 1977-78, which ends on June 30, should amount to about DM14.9bn. after last year's DM14.4bn. Growth, however, was well below the 1976-77 hey-day...

Dr. Moll said that the Executive Board expected 1977-78's results to be "satisfactory" and that the dividend should remain at around 1976-77's 12 per cent.

Dr. Gerd Wolburg, deputy chairman of the M.A.N. Executive Board, said that although the group had started the year with a high order book, this by no means ensured the full utilisation of the group's production capacity.

VW overseas sales fall

By GUY HAWTIN

FRANKFURT, Dec. 15.

VOLKSWAGEN, West Germany's largest car manufacturer, is generally satisfied with the year's results. By the end of 1977, group sales will have risen by about 10 per cent...

At home, VW increased its sales during 1977-78, which ends on June 30, should amount to about DM14.9bn. after last year's DM14.4bn. Growth, however, was well below the 1976-77 hey-day...

However, car demand throughout the group as a whole increased by only 3 per cent to 2.28 units. While VW AG, the West German parent concern, is expecting 1977 figures to show turnover 20 per cent up from last year's DM16.9bn. to just under DM20bn., group sales are expected to increase by a rather less impressive 10 per cent...

Herr Toni Schmuocker, the VW chief executive, explained that developments on the dollar front were "a big, big worry". Although VW's dollar position is covered until the end of January and beginning of February, the relationship of the dollar to the D-mark is of vital importance to the company's sales effort in the U.S. market.

Production begins in the new plant, a timely move in view of the dollar's depreciation. Even now, 35 to 38 per cent of components for the Rabbit—the U.S. version of the Golf—will be imported from the group's West German plants and the dollar/D-mark rate must have an effect on costings.

small car market which this decade has fallen from 30 per cent to between 12 and 13 per cent. in the face of hard Japanese competition. The Rabbit, according to reports, has been selling but VW thinks it will be difficult to achieve the planned 200,000 units a year production rate quickly.

The group is still coping with stiff Japanese competition, both in the U.S. and to other international markets. Herr Schmuocker pointed out that in 1976 every fifth car on the world market was produced in Japan while every 10th car was German. Ten years ago the position was the reverse.

However, Volkswagen is still quick to take advantage of any sales opportunity. A short white ago it concluded a "compensation deal" with the German Democratic Republic to supply 10,000 Golf models a year for two years. Today, Herr Schmuocker said that the group was negotiating the sale of 1,000 Golf cars to Poland.

Unlike the GDR contract, the Poles are not seeking to pay VW in production. The Polish deal, he said, was on a cash basis, but at the present time it was still an open matter as to whether the contract would be signed.

Not surprisingly, VW has to thank its domestic operations for this year's good results. Herr Schmuocker did not give an estimate of this year's profits.

Corco loans deadline extended

By JOHN WYLES

NEW YORK, Dec. 15.

COMMONWEALTH OIL Refining Company's day-to-day borrowing arrangement with its banks and other creditors has been extended until January 9.

This gives the financially troubled company a further breathing space to try to work out a rescue solution and so avoid possible bankruptcy proceedings. Under a previous interim arrangement, the company faced repayment of its \$300m. outstanding loans to-day.

The company has said it would be unable to meet its debts, and its only hope appears to be some agreement with Ashland Oil, which until recently was negotiating for a controlling stake. Ashland is primarily interested in acquiring Corco's Puerto Rican refining facilities, which supply about three-quarters of the island's petroleum needs.

With its sales revenues last year of \$1.1bn., Corco's collapse would make it one of the biggest corporate failures in U.S. history, ranking with W. T. Grant and Penn Central. In view of its significance to the Puerto Rican economy, it seems unlikely that whatever the fate of the company, its operations would be simply shut down.

Tandberg asks for aid

By FAY GJESTER

OSLO, Dec. 15.

TANDBERG, Norway's troubled electronics concern, anticipates a deficit of Kr.100m. (£10m.) on operations this year, and has appealed to the Government for Kr.200m. financial support to take it through the present crisis. Sales on the home market have held up well, helped by a massive advertising campaign, but sales to key export markets, particularly Denmark and Sweden, have fallen far below targets.

Arbeiderbladet, the Oslo newspaper which favours the ruling Labour Party, predicts that the State will probably have to step in as a partner in Tandberg at least for a time, and that drastic restructuring is inevitable.

Heineken makes good start to New Year

By Michael van Os

AMSTERDAM, Dec. 15.

HEINEKEN, the Dutch-based international beer and drinks group, has started the new financial year well and expects to be able to maintain its dividend.

Although the recently announced scrip issue indicated confidence in the future, this did not mean that the profit picture this year after the capital increase was expected to remain the same. Company chairman Mr. Freddy Heineken, said at a Press briefing here to-day on the publication of the annual report.

Looking back over the year to September 30, he said that business had developed well in the second half of the year with profits having shown a "strong increase".

This increase, however, was primarily attributed to the reported growth of beer exports and to increased trading results from participations outside Holland.

As reported earlier, the company's net profits had risen by 18.3 per cent in FY.1978, on total sales which were up 15.6 per cent to Fl.4.7bn.

Dividends per share has gone up to Fl.11.85 (Fl.9.97).

The Heineken chairman said that his group was looking for further growth abroad, and primarily in the beer sectors.

Expansion in the domestic market was not anticipated. The annual report noted that the company was again able to increase its beer exports this year, despite the rise in cost price passed on in selling prices and the strength of the Dutch guilder.

The increase, which amounted to nearly 500,000 hectolitres, or 23 per cent, was mainly due to higher sales in the U.S. as well as in Nigeria and a number of other west African countries.

No dividend at DNEL

By DAVID CURRY

PARIS, Dec. 15.

IN A LETTER to shareholders, which is one long recital of misery, the French steel holding company, Denain Nord-Est, Longwy regrets that it will be unable to pay a dividend for 1977.

Very company controls France's biggest steel maker, Usinor, and one of Europe's largest steel tube makers, Vallourec. Usinor has been a financial and industrial disaster area for the past three years. This year Vallourec will also slip into losses.

The letter from the DNEC chairman, M. Jean Hue de La Colombe, is long on woe and short on figures. He says that Usinor will make heavier losses this year than in 1975 when its net deficit was Frs.1,225bn. and 1976 when it was Frs.1,245bn.

The Government's anti-crisis plan for steel has permitted the company to close factories and reduce personnel during 1977, but the financial aid it has received has simply stretched an already over-heavy debt burden. Usinor ended 1976 with Frs.9.7bn. in medium and long-term debt—precisely the same figure as in 1975.

Production in 1977 will have dropped below the 7.9m. tonnes of 1976 for 8.5m. tonnes if the company's stake in Solmer is included. He says that Usinor will make heavier losses.

short shrift of the Brussels Commission's crisis measures, says that the inadequate tardy steps taken by the mission are doomed to fail. If there is no protection of the ERC market from imports, credits the Brussels plan is provoking only the slightest interest in average prices in the market while exports have remained rock-bottom.

The first half of next year expected to be equally grim and the chairman appears drastic but unspecified aid from national and EEC authorities to enable steel to feed again.

M. Hue de La Colombe makes

Banks shore up Nobel-Bozel

By OUR OWN CORRESPONDENT

PARIS, Dec. 15.

THE PRIVATE bank Credit Commercial de France departs from its usual deposit-taking role, as to assume effective control of the former would emerge with 35 per cent. (it already has 8 per cent.) of the N-B equity and the latter will 12 per cent.

In any event, the holding of the Rousset family, which is apparently unable or unwilling to put new finance at the group's disposal, will fall from its current 42 per cent. The Rousset family ally, the giant German steel group which already controls the Rousset-Uclaf pharmaceutical group will also have to approve an increase in capital of 100 million Frs. to about 30 per cent.

The banks have been busy for some time over Nobel-Bozel. At the end of September, were behind the appointment of M. Claude-Alain Sarre as the company's managing director. M. Sarre has plenty of experience of the problems of dominated companies. His job at the Boussole disposal, will fall from its current 42 per cent. The Rousset family ally, the giant German steel group which already controls the Rousset-Uclaf pharmaceutical group will also have to approve an increase in capital of 100 million Frs. to about 30 per cent.

DM sector higher in late dealings

By MARY CAMPBELL

ALL EYES WERE on the D-mark sector yesterday. Although the cut in the Lombard rate had been widely expected, the measures announced yesterday to cut back inflows of foreign money in D-marks were and to stem foreigners buying domestic bonds with maturities of between two and four years were likely to switch buying interest into foreign bonds, particularly at the short end. Prices of short term bonds were particularly affected in late afternoon trading, dealers said.

The discount rate cut had not been expected to have much effect on the capital market. However, with few exceptions, market observers said last night that the moves to effectively stop foreigners receiving interest on deposits with banks in Germany included the historically high level of interest rates and heights which the currency reached against the dollar.

Yesterday evening it was argued that these prices will be to some extent offset by the fact that foreign bonds denominated in D-marks were open to foreign investment, particularly at the short end of the market.

The latest news issue to be announced is DM100m. for terms had been fixed earlier in the day before the Bundesbank Charter. It is expected offer 8 1/2 per cent on a ten-month maturity. Lead in the D-mark sector had been through a phase of lower investor enthusiasm than has been seen at times in recent months. Particularly notable European Banking.

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Confidence overseas

By OUR EUROMARKETS EDITOR

FOREIGNERS HAVE more confidence in sterling than the British, a survey of opinion on the future of currencies and interest rates suggests.

According to the survey by Amec Bank, foreigners expect the pound to be worth \$1.58 by the end of 1978 while British respondents expect it to be \$1.79.

About half of the 306 respondents were British and half from overseas. They include private bankers, central bankers and party treasurers and financial directors.

In line with their news of the currency prospects, foreigners also expect sterling interest rates to be lower next year than the British. U.K. observers expect the three month sterling deposit rate to rise from the current 6 1/2 per cent to 7 1/2 per cent by mid-1978 and 8 per cent by end-1978.

International respondents, by contrast, predict U.K. rates at 6 1/2 per cent in the next six months, rising to only 7 1/2 per cent by end 1978.

Other forecasts resulting from the survey include a strengthening of the U.S. dollar from DM2.15 at the end of this year to DM2.21 in mid-1978 and DM2.19 at the end of 1978 and from SwFr2.11 at the end of this year to SwFr2.19 both in mid-1978 and at the end of next year. The dollar is expected to continue to weaken against the yen, from Y241 at the end of this year to Y238 in mid-1978 and the three month sterling deposit rate to rise from the current 6 1/2 per cent to 7 1/2 per cent by mid-1978.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for STRAIGHTS, CONVERTIBLES, and various bond types like American Express, Ashland, etc. with bid and offer prices.

STERLING BONDS

Table with columns for various sterling bonds like Gibraltar, Gibraltar, etc. with bid and offer prices.

DM BONDS

Table with columns for various DM bonds like Austria, Austria, etc. with bid and offer prices.

FLOATING RATE NOTES

Table with columns for various floating rate notes like Bank of Tokyo, BFCF, etc. with bid and offer prices.

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U.S.\$50,000,000 CAISSE NATIONALE DE CREDIT AGRICOLE Floating Rate Notes due 1984

U.S. \$15,000,000 The Mitsui Bank Ltd. Floating Rate Certificates of Deposit 1980

Banque de Paris et des Pays-Bas is pleased to announce that as from Monday 19th December 1977 its London Office will be operating from its new building at 33 THROMORTON STREET, LONDON EC2N 2BA

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SAS profit doubled, but below target

STOCKHOLM, Dec. 15. DINAVIAN AIRLINES (SAS) shows a pre-tax profit of Kr.107.4m. (€12.3m.) for the year ending Sept. 30...

Further payment from Dunlop Australia

SYDNEY, Dec. 15. THE DIVERSIFIED Melbourne-based footwear, rubber and textile group, Dunlop Australia Limited, is making a return of capital to shareholders...

ments will be made in December 1978 and there will be no final dividend for that year.

IBM begins Indonesia meetings

JAKARTA, Dec. 15. SENIOR OFFICIALS of International Business Machines Corp. (IBM) begin a series of meetings this week to find agreement on interpretation of a 1978 Indonesian law...

KENANA SUGAR CO. Foreign stakes for sale

BY JAMES SUXTON. GULF FISHERIES of Kuwait and the Japanese company Nishio Lawi together with the U.K. based conglomerate Lombo have been negotiating to sell their shares in the Kenana Sugar Company.

Diversification at Murray

JOHANNESBURG, Dec. 15. MURRAY AND ROBERTS, South Africa's leading construction firm, is feeling the pinch of the decline in infrastructural expenditure...

The bid for Elgin Fireclay is being conducted through the Cape-based Murray and Roberts division which, until now, has appeared to have substantial construction work on hand.

ROMANIA to raise \$53m. loan

BY MARY CAMPBELL. THE ROMANIAN Bank for Foreign Trade is raising \$53m. over inter-bank rates of 1 per cent. The loan is for a five-year maturity and will offer a margin over inter-bank rates of 1 per cent.

Sharp gains at Yamaha Motor

YAMAHA MOTOR Company, the Japanese motorcycle manufacturer, has announced a 48.5 per cent rise in sales to ¥141,500m. (€19.7m.) for its first-half.

Comalco prices agreement

ONLY HOURS before the deadline under which the New Zealand Government would pass legislation to force Comalco to pay 600 per cent. more for its electricity the International Aluminium Company and the NZ Government reached agreement on new electricity charges.

KOREA HAPSUM CO LTD US\$15,000,000. Korea Exchange Bank, Grindlay Brandts Limited, Nippon European Bank SA.

Both the Cape and the Transvaal operations are limited to utilizing the heavy cash inflows as currency for diversification, as they have been precluded from using shares in the top company.

Bruxelles Lambert buys Chemins de Fer

BRUSSELS, Dec. 15. A CONTROLLING stake in Cie Auxiliaire Internationale de Chemins de Fer which runs a group of rail transport companies across Europe has been taken for Frs.810m. (€133m.) by Cie Bruxelles Lambert SA.

Singapore grants dollar issues

THE MONETARY Authority of Singapore (MAS) said it has given 25 banks permission to issue negotiable certificates of deposits (CD) in U.S. dollars from January 3 next year.

C. ITOH & CO. (H.K.) INTERNATIONAL LTD. U.S.\$15,000,000. 8 1/2 per cent. Guaranteed Notes Due 1984. Daiwa Securities Co. Ltd., Citicorp International Group, etc.

The Shipping Corporation of New Zealand Limited US\$12,000,000. Orion Bank Limited.

Profits dip at Carroll

PRESSURE on tobacco margins has depressed the profits of P. J. Carroll for the year ended last September.

FARMING AND RAW MATERIALS

NZ-Soviet fishing zone talks

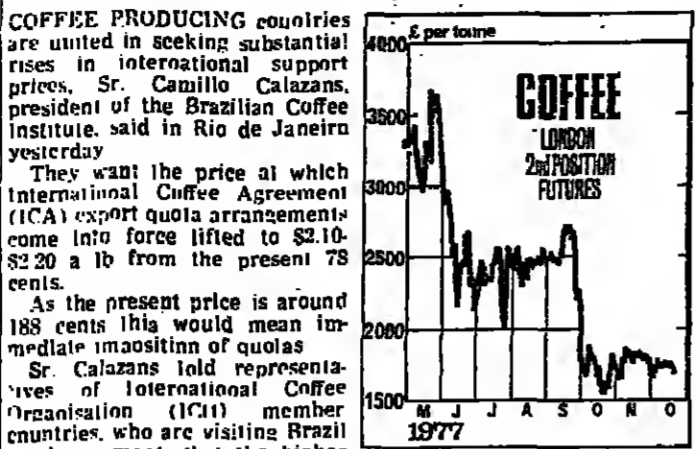
By Dai Hayward
WELLINGTON, Dec. 15. NEW ZEALAND today began talks with the Russian Government officials on access for Soviet trawlers in the New Zealand 300-mile fishing zone.

Minimum price urged for bauxite

By Our Own Correspondent
GEORGETOWN Dec 15. A MINIMUM price of \$US24 a tonne c.i.f. for base grade bauxite sold to North America was recommended at a recent two day meeting of the Council of Ministers of the International Bauxite Association here.

Coffee producers 'united' in campaign for price rise

By RICHARD MOONEY



COFFEE PRODUCING countries are united in seeking substantial rises in international support prices. Sr. Camillo Calazans, president of the Brazilian Coffee Institute, said in Rio de Janeiro yesterday.

They want the price at which International Coffee Agreement (ICA) export quota arrangements come into force lifted to \$2.10-\$2.20 a lb from the present 78 cents.

Tory plan for EEC farm policy

By CHRISTOPHER PARKES

THE ADMINISTRATORS of the Common Agricultural Policy would slaughter cows and not squeeze farmers' incomes, if they want to free the Community from its chronic dairy surpluses.

morning, but recovered to unchanged in the afternoon—encouraged by reports of Sr. Calazans' speech—before closing at 167.25 on balance at £1,721.5 a tonne.

Further fall in tin market

By Our Commodities Editor

TIN PRICES fell for the fourth day in succession on the London Metal Exchange yesterday, following continued speculative selling and an easing in the nearby supply situation.

Higher world sugar output forecast

By Our Commodities Staff

WORLD SUGAR production during 1977-78 is forecast to rise to 22.6m. tonnes, nearly 5.9m. tonnes more than in 1976-77, says the second estimate issued by sugar statisticians F. O. Licht yesterday.

Argentine seeks soya pact

BUENOS AIRES, Dec. 15

ARGENTINA and Brazil are preparing proposals for a soya-bean export agreement with the U.S., says Mario Cadeoas Madariaga, the Argentine Agriculture and Livestock Secretary.

FARMING IN ENGLAND Cross-country ride to the west

By JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DURING THIS WEEK I travelled from Andover to Exeter by train, along the old Southern railway, now mainly single-track.

Between Sulisbury and Wilton, the line crossed the Wylle Valley one of the loveliest in Southern England. The farming problems here and in the other Wiltshire valleys used to be fairly stereotypical.

The farms were quite large but long and narrow, perhaps a quarter of a mile wide and up to four miles long.

Danish farmers 'more optimistic'

By HILARY BARNES

DANISH FARMERS are more optimistic than they have been for years.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for 'BASE METALS', 'COPPER', 'ZINC', 'NICKEL', 'LEAD', 'TIN', 'SILVER', 'GOLD'. Includes prices for various grades and locations like London and New York.

Table for 'COFFEE' showing prices for 'High Grade', 'Standard', and 'Low Grade' in London and New York.

Table for 'SUGAR' showing prices for 'White', 'Yellow', and 'Brown' in London and New York.

Table for 'GRAINS' showing prices for 'Wheat', 'Barley', 'Oats', 'Rye', 'Corn', 'Soybeans'.

Table for 'WOOL FUTURES' showing prices for 'Wool' in London.

Table for 'MEAT/VEGETABLES' showing prices for 'Beef', 'Pork', 'Lamb', 'Chicken', 'Eggs', 'Dairy'.

Table for 'RUBBER' showing prices for 'RSS', 'SBR', 'Latex'.

Table for 'SILVER' showing prices for 'Standard', 'Fine', 'Electrum'.

Table for 'COCOA' showing prices for 'Baker's', 'Special', 'Superior'.

Table for 'SOYBEAN MEAL' showing prices for '46%', '50%', '54%'.

PRICE CHANGES

Table showing price changes for various commodities like 'Metals', 'Grains', 'Meat', 'Vegetables', 'Wool'.

VEGETABLE OILS

Table showing prices for 'Soybean', 'Rapeseed', 'Sunflower', 'Peanut' oils.

Wool exports halved

AUSTRALIAN exports of wool fell to 105m. kilos in the three months ended September 30, 210.5m. in the same period last year.

Instant tea

AN INSTANT tea factory with an output of 285,000 kilos a year will open in Sri Lanka next month, officials sources said.

Wool exports halved

AUSTRALIAN exports of wool fell to 105m. kilos in the three months ended September 30, 210.5m. in the same period last year.

Quicksilver sale

WASHINGTON, D.C. THE GENERAL Administration (GSA) has sold 500 flasks of silver valued at \$63,771 monthly bid opening.

Advertisement for 'British Limbless Ex-Service Men's Association'. Includes text: 'WE, THE LIMBLESS, LOOK TO YOU FOR HELP', 'We welcome from both world wars...', 'Help BLESMA, please. We need money desperately. And, we promise you, not a penny of it will be wasted.'

Advertisement for 'Jaspington'. Includes a large stylized signature 'Jaspington' and text: 'Jaspington is the name of the new...'. The background features a map of the world.

FINANCIAL TIMES SURVEY

Friday December 16 1977

ARAB SHIPBUILDING AND REPAIR YARD

The new drydock and ship-repairing facility at Bahrain is arguably one of the most viable projects in the Gulf region. It is right in the middle of the main tanker traffic and strategically sited between East and West.

reduction in rates ASRY can remain reasonably confident at the moment because of its privileged and exclusive status in the Gulf.

For ASRY the prospects would look very much brighter if it could bank upon captive clientele from the Arab-owned tanker fleets. Those of AMPTC, and the others based in the Gulf, now include 82 vessels, with a gross 8.76bn dwt of which 28 are VLCCs. Within OAPEC and the producing states themselves.

At present Mediterranean facilities are only a limited challenge as it is only really worthwhile the larger vessels which discharge at its terminals docking there for servicing and the declining proportion of tonnage able to pass through the Suez Canal at its existing draft and width. The situation will change when in the early part of the next decade—mid-1980s at the earliest—when the Suez Canal is expanded to accommodate tankers of up to 150,000 dwt laden and 250,000 dwt in ballast. More immediately, there is the question of Dubai—a far more grandiose project than ASRY involving the construction of no less than three dry docks.

Financing for the £162m. contract (nearly \$200m. at the latest exchange rate) is reported to have run dry, and Sheikh Rashid, the Ruler, is reported to be encountering some difficulty in raising more for a project the viability of which is increasingly in doubt. He has a record of making a success of everything in which he puts his hand to. If the Dubai Drydock did profound the pessimists, then ASRY would be hurt badly and could hardly contemplate adding the second berth provisionally planned which could be completed in as short a period as 18 months. No decision on that is likely to be taken until 1979 or 1980.

On the face of it Dubai has little choice but to swallow its pride and join forces with OAPEC and ASRY if it is to limit its losses or—on the most optimistic assumptions—avoid a ruinous cut-price war. Discussion at the OAPEC ministerial conference this week on the construction of a second major facility in the Mediterranean and decision to undertake a feasibility on such a project must, meanwhile, be regarded as being within the realm of hypothesis.

est Well
placed
succeed
Richard Johns
Middle East Editor

ATIONS have become a tangible reality with the launch and operation of the 'Shipbuilding and Repair (ASRY) in Bahrain. Formally inaugurated yesterday, the facility is not only the most extensive demonstration of the oil producers' determination to co-operate in increasing involvement in the business but also one of the largest and most sophisticated industrial ventures undertaken in the Gulf. For the shareholding member of the Organisation of Petroleum Exporting States (OAPEC) involved, technical, technological and aspects of the project are none of them expected anything, by way of to the subscribed capital. It can be said with confidence that ASRY drydock is a white elephant, in the sense of an unwanted, unprofitable. That much seemed assured as early as 1973 when the first of the large crude carriers—the Italian-owned dwt Ambrosiana—here. The single berth capacity to accommodate up to 500,000 dwt fully booked until the January next.

Expansion of the Suez Canal in the early 1980s will bring much closer rivalry with the ship repair yards of the Mediterranean. Nevertheless, there would seem to be viable prospects for the construction of a second dock alongside ASRY's first in two or three years' time. That must depend to a large extent on the somewhat problematical future of the much larger complex under construction at Dubai, now scheduled for completion in mid-1979, and (more doubtfully) Iran's plans for another at Bandar Abbas.

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Origin

Applications for membership from Algeria, Abu Dhabi, Dubai, Bahrain and Qatar were approved in 1970. Iraq, Egypt and Syria were admitted in 1972. When Abu Dhabi and Dubai joined, the United Arab Emirates had not yet been formed. Yet six months after the creation of the federation Dubai announced its withdrawal from OAPEC in protest against the choice of Bahrain rather than itself as the site for the drydock. That, it could do so is a reflection of the still evolving UAE, a unique and strange political entity.

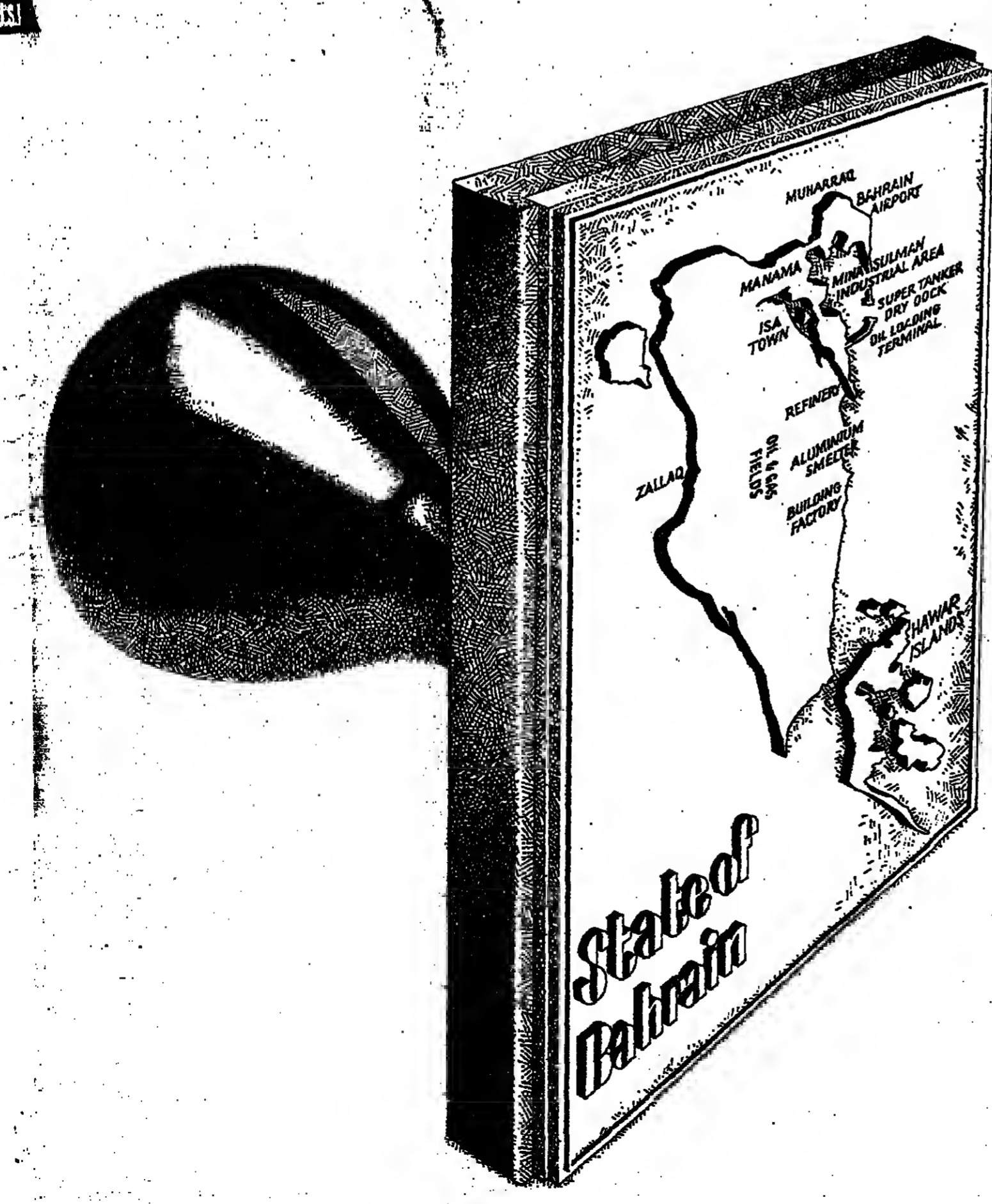
Technically, however, Dubai remains a member of OAPEC and the presence at yesterday's ceremony of its Ruler at least seems to give some weight to hope that the problems likely to result from rivalry between

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Gulf Trade Mark

450 companies have recently stamped their activities with the Gulf Trade Mark — by making Bahrain their base in the Gulf.

Why Bahrain? Because Bahrain has a geographically central position, political stability, trained manpower, a trouble free port, well regulated commercial laws and the best air and telecommunications links in the region.

As a result Bahrain has become the Gulf's major financial centre — a home for 35 major offshore banks with assets traded of more than \$ 12 billion. A home for the giant ALBA aluminium smelter, OAPEC's new dry dock and a host of light industrial and service companies engaged in activities as diverse as turbine repair and mattress manufacture.

More recently, legislation has been passed encouraging the formation of offshore companies. Investment banking licences have been made available, and a new industrial zone has been established with land available at subsidised rentals.

In 1978 more and more companies will be awarding themselves the Gulf Trade Mark.

Find out more from the Ministry of Information, P.O. Box 253, Bahrain.



ARAB SHIPBUILDING AND REPAIR YARD II

Stimulus to regional tanker fleet

BETWEEN 1973 and 1975, when awareness of Arab maritime ambitions first became widespread, European and American tanker owners frightened each other with calculations about the likely impact on their businesses of an OPEC policy designed to reserve for Arab flag vessels 40 or even 50 or 60 per cent. of their oil exports.

In the last two years, in addition to scaling down their programmes (AMPTC was to have doubled its capitalisation from \$500m. to \$1bn.), the Arab tanker fleets have been faced with the unhappy choice between laying up parts of their fleet or keeping them on the spot charter market at loss-making rates.

Studies were produced showing that even the lower of these three targets—as it happens the rightful exporting country's share of sea-freighting its products under the terms of the still unratified United Nations Conference on Trade and Development code—would require the Arab States to buy or charter an astonishing 400 very large crude carriers (VLCC). At that stage, 1980 was being talked of as a possible date for achievement of this massive overhaul of world oil trading patterns.

Of course, it has not happened, just as a number of the more influential and realistic figures in the Arab shipping world had predicted. But there is no hiding the fact that the Arab States are bitterly disappointed that their explosive plans for expansion have been quite so thoroughly scuppered by the world tanker slump. The ignominy of having to wriggle out of the expansionist master stroke of 1975—the ordering of six ultra large crude carriers for the Arab Maritime Petroleum Company—has not been forgotten.

Cautious

The Arabs were, it needs to be said at the outset, desperately unlucky. Their calamitous misreading of the market did at least have the excuse of shortage of experience, unlike the similar race for bigger and more numerous vessels among European shipowners.

But the result has inevitably been a more cautious attitude typified by the present five-year programme under consideration by AMPTC which will almost certainly limit the next phase of expansion to a \$200m. outlay on a number of small oil product carriers and one or two VLCCs in the 200,000 to 250,000 dwt range—vessels small enough to make at least the unladen return voyage from the West through the Suez Canal.

OPEC-backed consortia like AMPTC take the view that utilisation is vital at almost any cost, although one heavily fuel-guzzling AMPTC tanker is at the moment laid up in Norway. For the various Arab national fleets, whether government or privately owned, the degree of freedom of choice about laying up has varied considerably, but the number of vessels idle at any one time has never been large by world standards of tanker inactivity. At present almost all the 6.5m. dwt Arab fleet—a mere 2 per cent. of the world total—is employed. It is estimated that enforcement of only a 10 per cent. oil cargo reservation would secure permanent employment for the entire fleet.

Vigorous training programmes to produce the 15,000 officers deemed necessary to operate the growing number of Arab ships are now in progress at a variety of centres such as the Arab Maritime Transport Academy, and more such colleges are planned. AMPTC has more than 200 cadets under training, many

of them in the U.K., but has to will have to be tackled eventually in a much more sweeping fashion because of the undesirable of having crews of mixed nationality.

Among the other difficulties experienced by Arab tanker owners, the most significant must be the relationship with the major oil companies. Many Arab maritime leaders believe the majors, in alliance with the independent tanker owners, are out to strangle the Arab tanker fleet at birth by insisting that the Arabs charter their vessels on the open market through the traditional brokerage network. Even where majors have been forced into taking a specific number of ships from an oil producer by Government pressures, problems have ensued: Kuwait Oil Tanker Company recently took back a ship each from Gulf end BP because the oil companies had put them in service outside the Arabian Gulf trades.

Co-ordination of efforts between States is, the Arabs know only too well, the only way to deal with these kinds of problems and Mr. Abdul Rahman Sultan spoke for many when he told a meeting in Bahrain last month: "although AMPTC's ownership by the oil-producing countries should have freed it from the problems of getting cargo, in actual fact it has to face indifference from its own governments in this aspect. For this reason one of our ships has been laid up for more than one year."

Further phase possible

ALTHOUGH IN many respects Bahrain, with its natural deep water channel and long history as a Gulf trading centre, was a natural choice as a location for the ASRY project, the construction programme has not been without its problems and moments of panic.

The first task of simply reclaiming 500,000 sq. metres of land without disturbing the tidal patterns on the adjacent coastline or affecting the approach to Bahrain's growing port of Mina Salman was itself considerable, although investigations and operations at this stage of the project were surprisingly trouble-free.

Exploratory boreholes were first drilled in the early months of 1974 but six years after an Arab shipbuilding and repair yard had first emerged as the potential first industrial project for the Organisation of Arab Petroleum Exporting Countries.

About 6m. cu. metres of shelly sand and crumbly caprock was dredged up from around the area of an existing reef and simply heaped on the reef to lift the land surface for the yard and a 7.5 kilometre causeway connecting it in Muharrag Island by 4.5 metres. The more expensive but widely used reclamation practice of carefully mixing sand with solid rock was rejected on the grounds of expense and time. Three years later, there is said to be no evident deterioration of the sand slopes.

The reclamation operation, carried out by the European Falco Dredging consortium, also involved excavating the site of the 75 metres by 375 metres dry dock and the formation of a cofferdam behind which after dewatering the dock could be constructed in dry conditions.

Again as a time-saving measure, it was decided to appoint separate contractors for dewatering operations and for the main construction work.

Sondagens E. Fundacoes A. Cavaco LDA took on the dewatering task and five months later had succeeded in holding the water level within the excavation at 12.5 metres below mean sea level, using a total of 100 pump wells.

There is no doubt, though, that for Bahrainis, the spectacular earth shifting operations of the first stage were more than matched by what was to follow in the execution of the main building, contract by Hyundai Construction of South Korea, then little known in the Gulf area.

The fact that to-day this company is engaged on numerous Arabian Gulf projects from extending Kuwait's Sheraton Hotel to developing the Saudi port of Jubail, is witness to the enhancement of its reputation in the area as a result of its work on ASRY.

At the time it was signed, Hyundai's \$US147m. contract was the biggest in Bahrain

history and the manner of its execution has proved a source of amazement to the Arabs, even though the Koreans' total self-sufficiency has not endeared them to local traders. For Hyundai the contract has not been a big money-spinner, although assessment of its eventual margins must await haggling over a \$25m. cost inflation claim.

The Hyundai approach was military in character—not surprising in view of the fact that foreign construction work abroad is an alternative form of conscription for South Korea. A recent issue of a Bahrain promotional brochure features a remarkable photograph of the 2,000-strong helmed workforce precisely ranked on the base of the vast dock they have constructed receiving instructions from a manager raised on a platform.

It has required round-the-clock working from this task force to meet many extremely tight deadlines and although construction was not completed by July as planned, no-one is complaining about performance. The first VLCC was docked, on time, six weeks ago.

The dock walls are of reinforced cantilever design with both walls and the dock base protected from upward hydrostatic pressure from rising tides by a system of underfloor piles laid open-jointed within filter layers of crushed rock and connecting to electrically operated pumps in the main dock pump-house. A cut-off wall of steel sheet piling around the entrance to the dock and its wall footings prevents too much water flowing to the underground drains.

The base of the dock is made from ordinary concrete, although even here all materials had to be imported from Hyundai's specially built cement plant because local limestones contain serious impurities which have been found to cause rapid deterioration of concrete under certain conditions. The floor slab is laid on sand compacted in layers following excavation, of two metres of sea shells. The unexpected discovery of this thick layer of shells delayed work by eight weeks at one stage.

Another setback occurred when the first three of ASRY's dockside cranes being shipped on a pontoon from Europe to the Gulf in January were caught in a Mediterranean storm. This set the fixing of handling equipment back two months, but these Portuguese-built cranes now form part of a battery of equipment including four 15-ton-capacity rail cranes, one 100-ton-capacity rail crane, four mobile cranes, two hydraulic lifting platforms and a floating crane with a lifting capacity of 200 tons.

The impression of an establishment equipped to the teeth is further strengthened by a stroll around ASRY's 30,000 square metres of heavy workshops, which carry the atmosphere of a machine tool exhibition hall.

There are 14 lathes, some of them extremely sophisticated, and six milling machines in the machine shop, which is supported by equally well-equipped pipe and plate shops. The yard is so designed (Sir Alexander Gibb, Profahrl of Lisbon, joint converting engineers and the managers Lisnave take the credit) that none of these metal-working areas is further than 250 metres from the engine-room of any ship in the dry dock or alongside the yard. This is one of several advantages of building a shipyard on an island.

At the moment, the quantity and quality of this profusion of machinery jars against the reality of ASRY's capabilities:

scraping and painting the hulls of tankers and doing minor engine-room or on-board jobs either in the dry dock or alongside its two 170m. finger jetties. (There are further berth points alongside the quay and beyond the jetties, with additional anchorage for waiting vessels in a sheltered area at the nearby port of Sitra.)

The question of ASRY's ability to do more sophisticated jobs and become a complete shiprepairer is very much the acid test which shipowners will be applying as the yard's skilled, although much of it trained from scratch, workforce becomes available during 1978.

By the end of next year, Mr. Antonio Jose Machado Lopes, ASRY's general manager recruited from Portugal's Sete nave yard, reckons that its association with its various 40-40 joint ventures with marine equipment specialists around the world, the Arab yard will be able to take on the best shiprepairers in the world.

But even at this point, the yard will be turning down the kind of work most shiprepairers in a depressed market pay for — high-cost, time consuming and sophisticated vessel conversions, often involving jumboising craft and the handling of thousands of tons of steel. The reason is that Mr. Lopes does not want to see his single dock tied for a period of months to one job, when he is certain there will be steady demand for quicker drydockings of the kind ASRY has already begun to take as well as for routine classification surveys.

The real justification for the abundance of equipment is, of course, the plan to build a second dry dock, which would be serviced not only by the same metal working shops, but the same cranes and, of course, the same administrative back-up as the first.

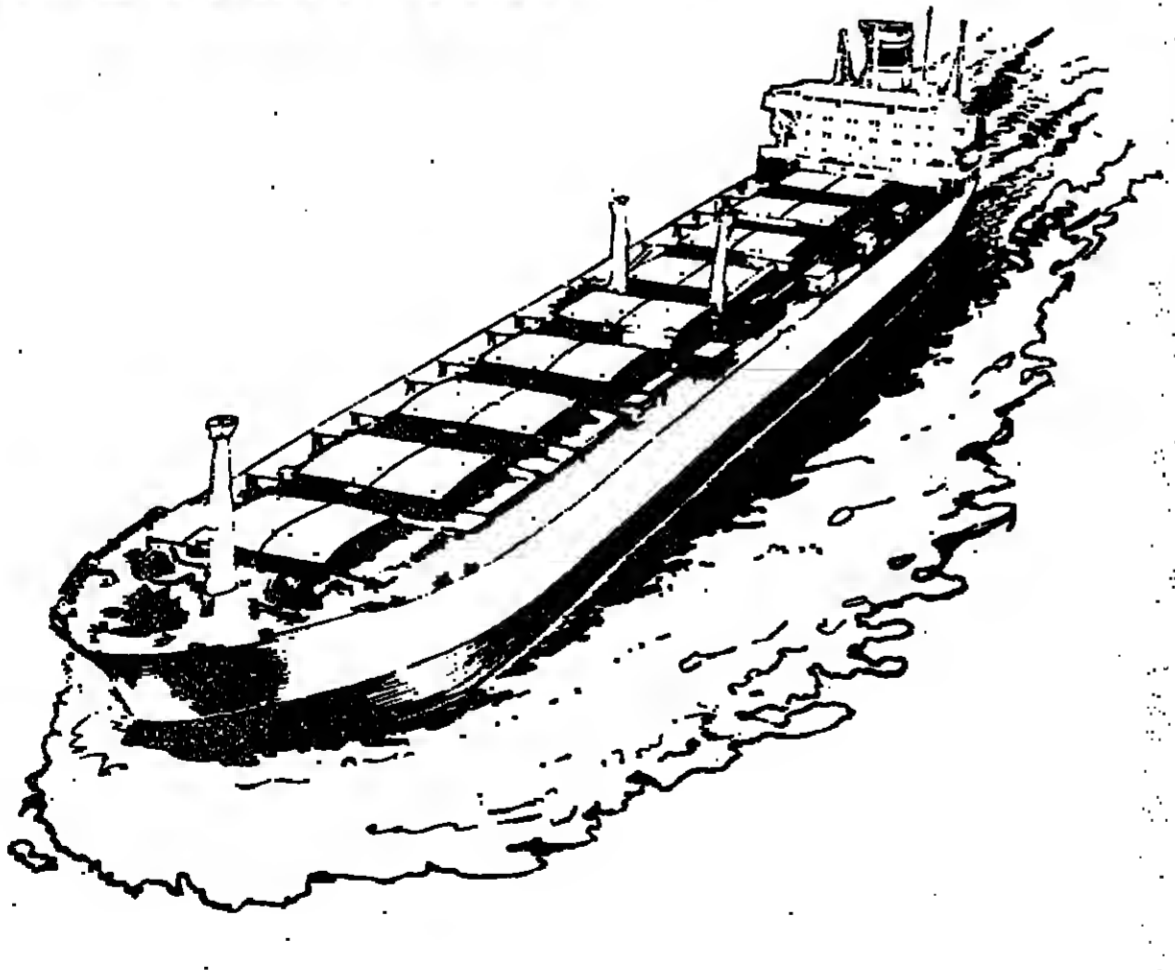
It is estimated that this second phase could be built for no more than \$60m. at to-day's prices, compared with the \$240m. first stages and could be operated by adding only 200 to 250 people to the 1,350 men and women who will be working for ASRY with or without permission to build a second dock by the end of next year. Ultimately too, an ASRY's name implies, there is a shipbuilding intention, although this will be confined to the construction of small, coastal craft. The commercial logic in going for the second phase is unquestionable and Mr. Lopes is confident that he will get a decision from OPEC to go ahead next year.

Much will depend from the OPEC point of view on whether the Ruler of Dubai, Sheikh Rashid, can be coaxed into bringing his gigantic three-deck project due for completion in early 1979 into some sort of working relationship with ASRY. Taking the two facilities together, ASRY's marketing men believe that they offer almost double the required capacity in the Gulf, so an ASRY-Dubai link-up, presumably involving the return to the OPEC fold of Sheikh Rashid's recalcitrant Emirate, could alter the commercial arguments being used within ASRY overnight.

Pending the decision on expansion, ASRY aims to utilise its engineering capacity in land work and in particular has its eye on the contract to do steel fabrication work for the proposed causeway between Bahrain Island and Saudi Arabia. Certainly it would be a pity if the energy end-resources which have brought the first stage of this remarkable project to fruition should lapse into a permanent state of underemployment.

lan Hargreaves

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ARAB SHIPBUILDING AND REPAIR YARD III

Good supply of local labour

MAJOR factor that influenced the decision to site the shipbuilding and repair yard on the island of Bahrain is the island's rapidly growing supply of well-educated labour.

staffed by 20 Bahraini and eight non-Bahraini teachers provided training for more than 130 welders, mechanical fitters, painters, electrical workers and so on.

It is economics that drives people to work in shipyards. Sr. Antonio Machado Lopes, ASRY's general manager, Bahrainis and other Arabs with the level of English required to work at ASRY were able in the past year to find cleaner and less physically demanding jobs.

likely to go to the United States. Academic studies are likely to concentrate in the Universities of Strathclyde and Newcastle which are strong on marine engineering and naval architecture.

Within the next ten years ASRY's board of directors have planned that 90 per cent of the first and 85 per cent of the second categories of middle ranking management should be filled by Arab nationals as well as at least 80 per cent of the top grades.

450 Arab nationals employed by ASRY, compared to 600 eastern expatriates and only 150 Westerners. The total number of employees is not likely to increase much if ASRY does decide to build a second dock, probably only another 200 will be taken on.

However, the training and recruitment policies of ASRY cannot be seen in isolation from the formation of the United Arab Shipping Company based on Kuwait, and also the setting up of the OAFEC-owned Arab Maritime Petroleum Tanker Corporation, also with headquarters in Kuwait.

ing three new academies at Jeddah, Doha (capital of the state of Qatar) and Basrah in Iraq. There will inevitably be some cross-fertilisation because of the mobility of labour.

He also raised the question of the social standing of marine jobs, particularly in times of easy affluence which most of the Arab Gulf states are experiencing — even with the present economic slowdown.

Difficult

The recruitment of Arabs with the right qualifications and background for the forerunner and upwards jobs is likely to prove difficult in the short term. It has already proved difficult to find suitable candidates for middle management jobs and plans are being made for promising employees to go abroad for training.

ASRY has got off to a good start and its owners are not likely to jeopardise this. In plain numbers, the yard is already heavily staffed with Arab nationals who form the second largest grouping after the eastern nationalities.

This move into shipping has been supported by the setting up of the Arab Maritime Training Academy by the Arab League in 1972 at Alexandria. There were already maritime institutes in Iraq and Algeria as well as in Lebanon.

since the last week of October, oil unless new finds are made. The early wealth that accrued to the State through its oil export as a wholly commercial venture—its creation was part in infrastructure and education, of the whole Arab philosophy which meant that by the late 1960s a third generation of Bahrainis were at school and the island's communication facilities were arguably the best in the Gulf.

In the late 1960s the question of how to provide for Bahrain's rapidly increasing population, growing at a rate of at least three per cent a year, was very much to the forefront of the minds of the island's Ministers. It was also a preoccupation for Saudi Arabia, which has always taken a close and generous interest in the island.

The chosen site for ASRY in Bahrain is 7 km of the coast of Muharraq, Bahrain's second island, directly out from the small town of Hidd. The site itself had to be dredged up and is based on the southern extremity of the tidal reef which forms the eastern boundary of an inlet named the Khor al Qalbia locally.

Just there the natural water depth is in excess of 12 metres, which is more than adequate for the largest vessels planned to enter the dock, which was constructed to accommodate tankers of up to 500,000 tonnes. The site is bounded to the south and west by deep water navigation channels which connect Bahrain's main port Mina Sulman and its industrial port Misa Sitra, where the tankers for Bahrain Petroleum Company and the ore-carrying ships for the aluminium smelter load and unload.

The reasons militating in favour of Bahrain as the site for OAFEC's first large industrial venture were emotional as well as practical. The island Bahrain Petroleum's refinery, Emirate was the first Arab Gulf oil exporting State. It has trained Bahraini staff. Wages have been exported oil since the early 1930s, and it will be the first Arab State to run out of second string answer to the

CONTINUED ON NEXT PAGE

How the site was chosen

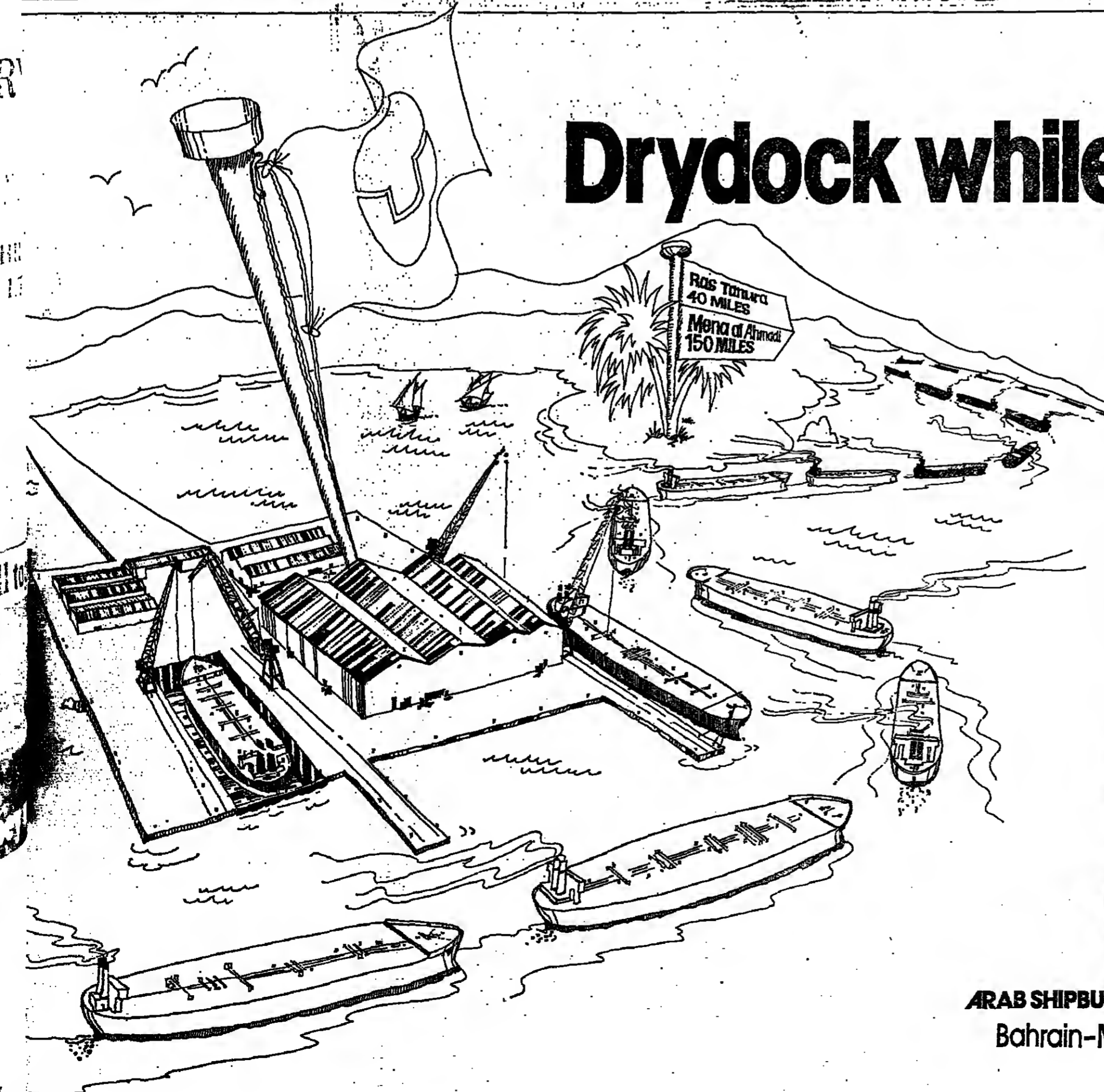
BAHRAIN WAS chosen as the Saudi Arabia. An early viability study was carried out using Dammam as the base but concluded that the site should be moved to neighbouring Bahrain. The arguments summed up in favour of Bahrain included better hydrography, immigration facilities, the natural labour pool and the port complex at Dammam.

which has now been operational

Management

is presently employing 1,000 people and staffed at the end of 1977 will be employing 50. (ALBA employs 2,000 Bahrainis.) At present make 36 per cent of the management from general foremen in the yard can accommodate around 300 trainees but only just over 50 are at present undergoing various training courses.

The effects of the economic slowdown in the Gulf have not yet really shown through in the employment situation but, if it continues some of the more shakily self-employed may make their way into the yard. ASRY has not yet extended its recruitment campaign into Bahrain's villages which do not all share the



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ASRY logo and company name: ARAB SHIPBUILDING AND REPAIR YARD CO. Bahrain—Miles better for VLCC repairs

ARAB SHIPBUILDING AND REPAIR YARD IV

Early contracts assured

THE FACT that ASRY's dry-dock space was booked almost three months ahead by mid-September of this year reflects considerable credit upon the London-based ASRYMAR marketing organisation, but it comes as no surprise.

Sheikh Yamani's arguments in winning the scheme the backing of OAPEC in 1988 are as good now as they were then: with 700 to 1,100 very large crude carriers (VLCC) entering the Arabian Gulf in an unladen and therefore potentially gas-free state every year, a dry dock to service them could not fail to win business. When Sheikh Yamani launched the idea, there was no large tanker repair facility at all between the Gulf and Europe.

So although ASRYMAR has had a busy time promoting awareness among shipowners of the Arah Yard's services and convincing them that its close association with the extremely successful Lisnave and Setenave yards in Portugal was an assurance of quality work, it has not had too much difficulty telling owners how to find ASRY.

The question then, for ASRY, is not: "will it be used?" but "will it ever be able to charge a commercial rate for its services?" Moreover, the answer to this question is outside the powers of OAPEC, Lisnave and ASRY because it turns on a number of imponderables about the future of world energy freighting and rather more alarmingly on certain eminently ponderable facts about the degree of overcapacity in world shiprepairing.

Between 1986 and 1976 the world's shiprepair capacity increased in terms of deadweight tons almost fourfold, from 8m. in 28.4m. and the number of docks from 75 to 165. On the basis of announced intentions, this capacity will be further expanded to 36.1m. tons or 192 docks in 1981.

Much of this extra repair activity has been justified by a rapid period of expansion in the world fleet. The tanker fleet of vessels over 10,000 tons, for example, increased more than three times, from 97.1m.

tons to 320.1m. tons in the decade from 1976, but that still leaves a widening gap between supply and demand.

H. P. Drewry, the London shipping consultant, recently estimated that all vessels over 50,000 d.w.t. generated 14,500 repair days of work in 1976 against a dock supply of 37,500 days, giving an occupancy level of 39 per cent. Drewry calculates that by 1981 the demand for repairs will be somewhat higher as a result of a slight ageing of the fleet, but that the coming on-stream of further dock capacity will still only offer repairs at a 41 per cent occupancy position.

These must be highly tentative forecasts, assuming as they do no substantial improvement in revenue from tanker operation — a change which would immediately stimulate repair demand as vessels came out of lay-up and owners sought to maximise the efficiency of their ships by cleaning hulls and overhauling engines.

But the basic message is unavoidable. There are already 101 shiprepair yards capable of handling vessels over 100,000 d.w.t. and a further 24 on the way. At the top of the market in size terms, there are 30 yards and 13 more being built able to handle ultra large crude carriers—vessels over 300,000 d.w.t. There are only 125 such vessels to the world, either in service, in lay-up or on order.

Fierce

As consolation, it may be argued that the fierce market pressures resulting from such over supply will quickly force older and less efficient yards out of business but unfortunately it is becoming increasingly evident that governments are as reluctant to cut capacity in shiprepair as they are to shipbuilding. Indeed in some cases shipbuilding yards and their workforces have been ordered to shiprepair in order to ease the problems in one sector by inflicting them on another.

Where does this leave ASRY? Still with the best location in the world for tanker repair, but even on its own doorstep

threatened by the building of a massive three-dock complex with a total capacity of 1.85m. tons, against ASRY's 0.5m. tons, ordered in defiance of OAPEC by the ruler Sheikh Rashid, are due for physical completion by early 1979 and although it seems certain to be some time after that before the required management skills and labour can be mobilised, the project is one of ASRY's biggest headaches.

ASRYMAR has already floated the idea of a marketing merger with Dubai but has publicly admitted that its market researches reveal demand for no more than three docks in the Gulf even in the mid-1980s. The existence of Dubai and the political difficulties involved in healing the rift between Sheikh Rashid and OAPEC are the main question mark over the second stage of ASRY's construction programme. And if Dubai were not enough, Iran has recently confirmed its intention to build a 900,000 d.w.t. turn dock at Bandar Abbas.

Another curious situation is created by the relationship between ASRY and its management company Lisnave. Lisnave and its sister company Setenave have six large dry docks totalling 2.8m. d.w.t. capacity in the Lisbon area and were indeed the first companies to construct purpose-built VLCC dry docks. Lisnave was rejected by the Arabs initially because they regarded an alliance of direct competitors as undesirable, and it will be interesting to see what happens in the remaining seven years of the recently renegotiated Lisnave contract in Bahrain.

The reality of competition here and now, though, is making itself felt at ASRY mainly in terms of pressures to cut charges. A trade discount of about 20 per cent, is being offered for dockings in the first nine months of operation and even so ASRY is receiving reports through its 14 agents (80 per cent of whom also work for Lisnave) that hard-pressed yards in north Europe are cutting below even this discounted level.

Given that ASRY's present

charges are designed to cover less than half of operating costs and that \$25m. is set aside to cover these losses in the first year of working, the picture is not bright. It has been accepted all along by the Arabs, however, that the \$340m. investment in ASRY was to be rewarded not by rapid commercial returns but by building another downstream base in the Arab oil strategy and by creating a training centre for the communication of engineering and managerial skills to the Arabs who, in theory, will be running ASRY almost unaided within a decade.

Gulf to facilitate its operations in the cleaning process and has formed a joint venture with the Korean company, Modernclean, to carry out the extremely unpleasant work involved.

In spite of these numerous difficulties and challenges facing ASRY, the yard management and its OAPEC directors remain confident that having defied prophecies of woe about climate, labour shortage, and lack of Arab ability in industrial activity in building the yard, it will now be possible to create an effective, commercial and competitive operating team. So far as customers go, their first call is obviously to the owners of the 39 Arab flag tankers over 50,000 tons who are already under substantial Government pressures to use ASRY. The Arab Maritime Petroleum Company, an OAPEC-backed consortium, will unquestionably use it.

Given that ASRY's seven-day week, 24-hour day will in the first year only allow it to dock about 40 vessels (although for mini-tankers double dockings are possible), and that tankers go to dry dock about every two years, business from the Arah fleet is a not unimportant factor. In its second year, ASRY aims to improve productivity to take 60 dockings.

There is no reason to believe that the Arabs will be deflected from their goal of gaining substantial involvement in all stages of the oil supply business by the mere vagaries of the world market. After all, they started ordering big tankers in earnest only in time to see world scale freight rates plummet but they have not changed their fundamental objective of hoisting their share of the world tanker fleet, even if they have proceeded with more caution in the last two years. ASRY must have its share of problems ahead with a brand-new labour force, brand-new equipment and the worst market conditions for many years, but no one should doubt its ability to survive and prosper, ultimately, even to flourish.

*World Ship Report Facilities: Outlook for the next ten years. H. P. Drewry, 34 Brook Street, London W1Y 2LL, £30.

I.H.

operator, and both wish to minimise it as far as possible. Telecommunications facilities from the island into the immediate region and beyond are also excellent. Direct telephone dialling is now possible to Kuwait, the UAE, Qatar and the Eastern Province of Saudi Arabia as well as to Britain. Bahrain Telephones and Cables and Wireless are talking hopefully of being able to offer direct dialling to Europe and the USA in the course of next year.

So while Bahrain is strategically situated on one of the world's major tanker routes with about 700 VLCC's plying the Gulf trade annually on the way to load at Kuwait, Saudi Arabia, Iraq, Iran, the UAE, Qatar, by virtue of air and telecommunications it is also close to the ship-owning centres of the world. For a new yard with a reputation to build up, access and communications are important. A nervous owner gets in touch with his superintendent either physically or telephone and telex with minimum of fuss.

Doina Thorn

employment needs of its people was to capitalise on the early infrastructure investment and turn the island into a service centre for the Gulf region as a whole. In this it was helped by the establishment of the regional airline Gulf Air's headquarters at Bahrain's international airport. Gulf Air is now a major employer on the island. The banking and business boom of 1975-76 drew in record numbers of visitors, giving many of the island's hotels occupancy rates of comfortably over 100 per cent. There has been a subsequent rush to build new hotels, with a Sheraton, a Holiday Inn, an unnamed French luxury hotel and an extension to both the Hilton and the Gulf hotels due to open, in addition to the new Ramada Hotel opened this year.

The emphasis on Bahrain as a communications point has resulted in the island becoming a major transit stop for the world's long haul airlines. Pan Am, TWA, UTA, Qantas, Singapore Airlines, Cathay Pacific, British Airways and many others all have flights into Bahrain and onwards in other destinations.

Bahrain became one of the first stops for the British Airways Concorde as a staging post on the aircraft's planned run to Australasia. This has now been extended to Singapore. Twenty-seven scheduled airlines now call at Bahrain's airport on Muharraq island, only a ten-minute drive from the newly operational dry dock.

Unique

The dry dock's marketing men have argued that this nearness to an international airport, a unique feature of ASRY, is a tremendous plus for the yard. Shipowners can change crews in Bahrain with the minimum of delay, and the most complicated spare parts can be flown in at short notice. In the early days of the yard, at least for its early months of next year, it will also be useful in that the yard's management can fly out specialists from Lisnave, or elsewhere if ASRY's own facilities, or expertise fall short of the problems facing it. Time laid up all have flights into Bahrain and onwards in other destinations.

Site

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So while Bahrain is strategically situated on one of the world's major tanker routes with about 700 VLCC's plying the Gulf trade annually on the way to load at Kuwait, Saudi Arabia, Iraq, Iran, the UAE, Qatar, by virtue of air and telecommunications it is also close to the ship-owning centres of the world. For a new yard with a reputation to build up, access and communications are important. A nervous owner gets in touch with his superintendent either physically or telephone and telex with minimum of fuss.

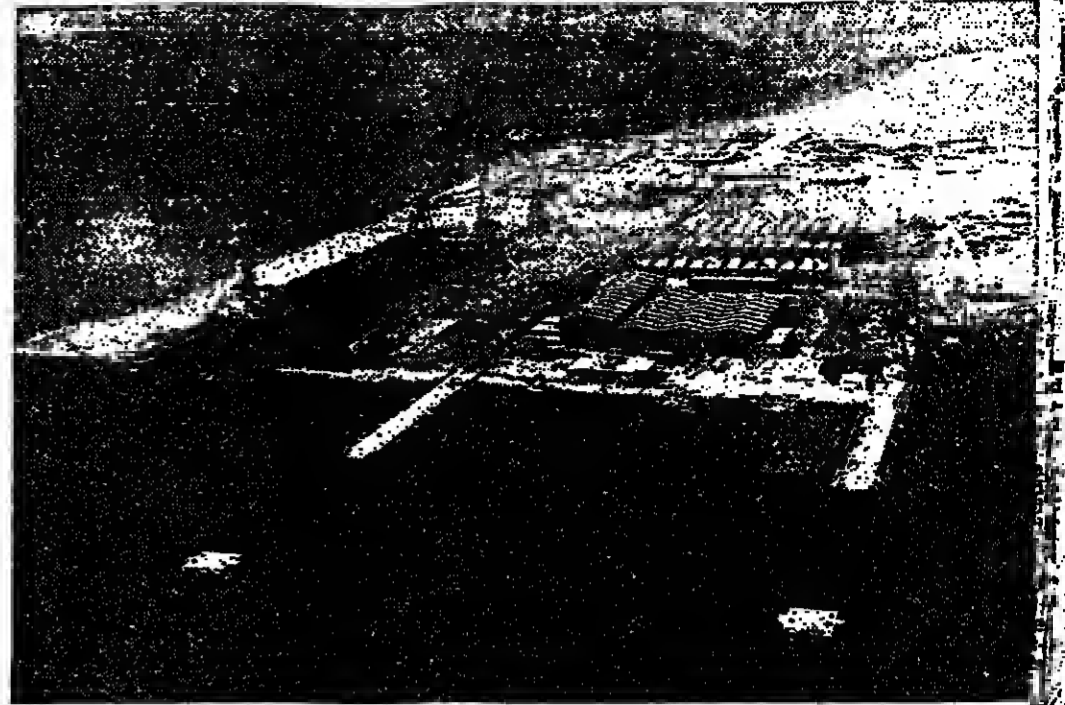
Doina Thorn

employment needs of its people was to capitalise on the early infrastructure investment and turn the island into a service centre for the Gulf region as a whole. In this it was helped by the establishment of the regional airline Gulf Air's headquarters at Bahrain's international airport. Gulf Air is now a major employer on the island. The banking and business boom of 1975-76 drew in record numbers of visitors, giving many of the island's hotels occupancy rates of comfortably over 100 per cent. There has been a subsequent rush to build new hotels, with a Sheraton, a Holiday Inn, an unnamed French luxury hotel and an extension to both the Hilton and the Gulf hotels due to open, in addition to the new Ramada Hotel opened this year.

The emphasis on Bahrain as a communications point has resulted in the island becoming a major transit stop for the world's long haul airlines. Pan Am, TWA, UTA, Qantas, Singapore Airlines, Cathay Pacific, British Airways and many others all have flights into Bahrain and onwards in other destinations.

Bahrain became one of the first stops for the British Airways Concorde as a staging post on the aircraft's planned run to Australasia. This has now been extended to Singapore. Twenty-seven scheduled airlines now call at Bahrain's airport on Muharraq island, only a ten-minute drive from the newly operational dry dock.

I.H.



The ASRY complex.

Site

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Unique

The dry dock's marketing men have argued that this nearness to an international airport, a unique feature of ASRY, is a tremendous plus for the yard. Shipowners can change crews in Bahrain with the minimum of delay, and the most complicated spare parts can be flown in at short notice. In the early days of the yard, at least for its early months of next year, it will also be useful in that the yard's management can fly out specialists from Lisnave, or elsewhere if ASRY's own facilities, or expertise fall short of the problems facing it. Time laid up all have flights into Bahrain and onwards in other destinations.

Site

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I.H.

THE OPENING OF THE ARAB SHIPBUILDING AND REPAIR YARD — BAHRAIN

THE PORTUGUESE FIRM

MAGUE

one of the leading companies in the design and manufacture of cranes, SUPPLIED TO A.S.R.Y., the following equipment:

- FOUR 15 TON GIANT SHIPYARD CRANES (máx. outreach 65 m)
- ONE 100 TON GIANT SHIPYARD CRANE (máx. outreach 58 m)
- ONE 200 TON FLOATING CRANE (máx. outreach 35 m)

BRANCHES OF PRODUCTION

CRANE DIVISION

- Jib and tower cranes
- Overhead and gantry cranes
- Goliath cranes

POWER DIVISION

- Boilers (license Foster Wheeler Corp)
- Turbo-generators (license Brown Boveri & Cie)
- Hydraulic turbines (license Nohab-Vevy)

INDUSTRIAL EQUIPMENTS

- Steel and Offshore structures



CONSTRUCOES METALOMECAICAS

MAGUE

SARL

ALVERCA

PORTUGAL

Handwritten signature or stamp in a box.

TRUST ASRY

LISNAVE KNOW-HOW AND EXPERTISE IS THERE



LISNAVE, the largest and most experienced *VLCC Repair Yard* in *Europe* and the management company of *ASRY* has the honour of announcing at the official inauguration of the *ASRY* facilities, that, under its management contract, has designed these facilities, planned and controlled the whole construction phase, organized the operational and administrative services of *ASRY* to the *LISNAVE* well-tested high standards. All was done within the programme and budget presented to and approved by *OAPEC/ASRY* in 1974. *LISNAVE* being responsible also for the management of the operational phase, fully supports *ASRY*'s operations.

MAIN EVENTS IN THE ASRY PROJECT LIFE:

- 1972 TO 1974—*OAPEC* and *LISNAVE* cooperate in the study of the economic viability of the *BAHRAIN Shiprepair Yard*.
- JULY 1974—*LISNAVE* signs with *OAPEC* a management contract covering the construction and operational phases of *ASRY*.
- 30-NOV-74—H. H. the *BAHRAIN Ruler* and H. E. the *Sheik Zahi Yamani* lay the corner stone at the inaugural ceremony of the yard.
- MAY 1975—*Launching* of *ASRY*'s *Training Center* in *BAHRAIN*.
- JUNE 1975—*Award* of contracts for dewatering of drydock, cranes and tugs.
- OCTOBER 1975—*Award* of civil construction contract.
- DECEMBER 1976—*First* jetty operational mainly for reception of *ASRY*'s equipment.
- 24-SEPT-77—*First* drydocking of *ASRY*'s owned *Tug Arad* and 10,000 dwt pontoon
- 23-OCT-77—*First* drydocking of a *VLCC*, the 231,000 dwt '*Ambrosiana*'
- 15-DEC-77—*Official* inauguration of *ASRY*.

For further information please contact Lisnave: the largest and most experienced *VLCC* repair yard in *Europe*.

through its International Company: **NAVELINK S. A.**
 AV. MON-REPOS 22
 CH 1005 LAUSANNE-SWITZERLAND
 TELEX 26106 NAVE

STOCK EXCHANGE REPORT

Gilts improve but equities irregular after quiet trade
Few features with index 1.9 off at 472.1 after 469.7

Account Dealing Dates
Option
*First Declared Last Account
Dealings Dates Dealings Date
Nov. 28 Dec. 9 Dec. 20
Dec. 12 Dec. 29 Dec. 30 Jan. 11
Jan. 3 Jan. 12 Jan. 13 Jan. 24

Gilt-edged was the one sector of stock markets which made a positive showing yesterday, and this area failed to show its underlying strength with most of the price action being completed in the early trade.

Potential equity buyers, however, still resisted any temptation they may have felt to enter the market and the index was quick to reflect this by turning a shade lower.

Down 4.3 at 11 a.m. the FT 30 share index was only 2.0 off at 472.1 down from 474.1 at the first four days of the Christmas week.

The Government Securities Index reflected widespread gains, rising to 103.5 with a net of 0.28 to 103.59, which is about 4 per cent. off its 65-month high recorded at the end of last September.

firm market for Gilt-edged. Once again, the longer maturities attracted more of the business than the shorter, although the latter were not overshadowed, and the upward tendency of the volume end was checked by the longer end selling. Part of this probably represented sales of stock recently bought by the Government Broker via switching operations to the exhausted long term Treasury 10 per cent. 1982.

Several recently-issued Corporations showed to advantage, Cardiff 11 per cent. 1988 rising a point to 250; in 250-paid form and Kennington and Chelsea 11 per cent. 1985/87 gaining 1/2 to 233, its highest yet, in 210-paid form.

Early conditions in the investment currency markets were reasonably active and the premium made headway to 94 1/2 per cent., but interest faltered in the later stages and rates drifted back to close of 93 per cent. up 1/2 on the day. Yesterday's conversion factor was 0.7262 (0.7267).

London Utd. firm
A drab day in insurances was partially enlivened by a fresh improvement of 4 to 14 1/2 in the United Investments. Elsewhere, modest losses were recorded in Guardian Royal Exchange, 2 1/4 p. Royals, 358p, and Sun Alliance, 1 1/2 p.

sumers to spend caused a revival of nervous selling of BSR, 5 levered at 97p. After the recent sharp reaction for the same reason, they, however, hardened 2 to 95 1/2p. Elsewhere in Electricals, EMT, 17 1/2 p. GEC, 280p, and Plessey, 88p, all shed a penny. The good advance in preliminary profits failed to encourage United Scientific, 4 1/2 levered at 24 1/2p. The Japanese Sony declined 1 1/2 to 517p.

Among secondary issues, Young Austen and Young moved up 2 to 53p in response to the half-yearly results, which showed a two-day decline of 17. Ransomes Sims firmed 3 to 123p and gains of 2 were established by Concentric, 45p, and Borgess Products, 34p. Brackhwaite rallied to 140p after the previous day's reaction of 22 in the first-half profits setback. Newman Grainger continued firmly at 26p, up 2p, but AFV, a firm market of late, came on offer and gave up 4 to 21 1/2p.

Scattered gains in the Food sector included C. H. Goldring Fowcay, up 4 at 51p in reflection of the increased interim dividend and profits. B. Matthews firmed 5 to 147p. J. Sainsbury were 3p dearer at 182p and Unigate ended a shade higher at 50 1/2p, the last-named following the half-yearly results. In contrast, the market remained a little weaker at 182p, down 2p. Ameng Hotels, Prince of Wales moved up 3 to 210p after the good first-half figures.

Wilkinson Match fall
Interim profits roughly in line with market estimates were not enough to sustain Wilkinson Match, 8 off at 185p. Other miscellaneous Industrial leaders presented a narrowly mixed appearance. Becham were favoured at 67 1/2p, up 1/2, while gains of 1 were seen in Reed International, 129p, Northern Engineering, 88 1/2p, and Rank Organisation, 24 1/2p, but Pilkington lost 5 to 47p, while Glass, following Wednesday's drop of 2 1/2, ended 2 down at 57p after banking was encountered but doubled interim profits lifted Lep Group to 24 1/2p, but the warning about the second half trimmed the rise to 3 at 24 1/2p. Wrightville put on to a 1977 peak of 310p a thin market. Dealings in Splink, at 285p, were suspended at the company's request pending a statement on the bid situation. Anglo-American was up 1/2 to 63p in front of to-day's interim results.

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Among the handful of choices in the Motor sections, ERV gave up 3 more to 153p as further hedging was encountered but Fodens firmed 2 to 58p and Associated Engineering hardened a penny to 116p on the increased dividend and profits. Lucas eased initially to 285p but recovered to close a shade dearer on balance at 283p.

Narrowly mixed movements were the order of the day in Newspapers. Following an idle trade, Daily Mail and General A were higher at 308p but Thomson were a little cheaper at 630p.

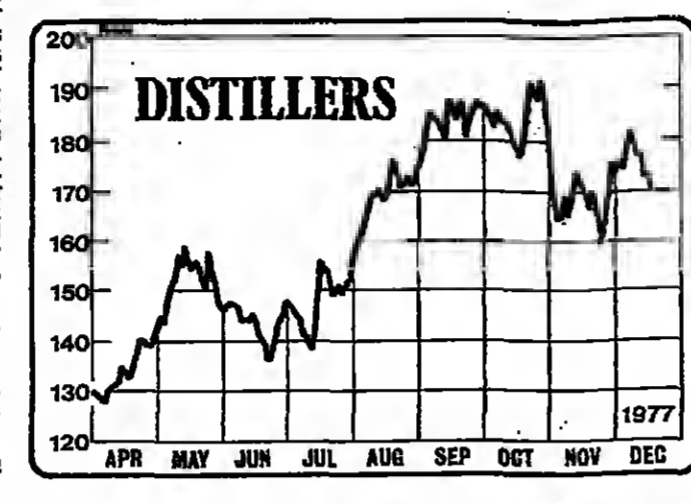
County and Dist. higher
Properties presented a quiet irregular appearance after a quiet business. Falls among the leaders were restricted to a couple, and hence as in MEPC, 118p, and Great Portland Estates, 286p. British Land, however, hardened 1 1/2 to 29 1/2p and Haslemere Estates a penny to 253p. Further consideration of the higher first-half revenue lifted County and District 1/2 more to 85p.

Among Canadians Ranger Oil gained 5/16 to 519p. Wm. Jacks, which put on 2 to 22p, were a small feature in otherwise idle Overseas traders. Finance Trades were notable for special activity and a gain of 6 to 79p in London Merchant Securities. Charterhouse edged forward a penny to 59p in reply to higher annual profits, while Yate Carter firmed a like amount mere to 78p. Elsewhere, Yate Green were marked up a like sum to 5p in response to favourable comment.

The chairman's recent bearish remarks about second-half prospects took its toll on P and O. Deferred, which were sold down to a 1977 low of 100p before a close of 2 1/2 cheaper on the day at 111p.

South African Financials tended to ease owing to lack of interest. Union Corporation weakened 6 to 260p, Anglo American Corporation 4 to 270p and De Beers 2 to 307p. Among London-registered issues Gold Fields attracted modest investment support and closed a penny harder at 171p, after 173p while Selection Trust advanced 7 to 397. Rio Tinto Zinc, however, was 2 easier at 182p, and Charles a penny off at 130p.

The call by the executive of the Australian Council of Trade Unions to place an immediate ban on uranium exports left Reko-Walkend 15 lower at 435p.



FINANCIAL TIMES STOCK INDICES
Table with columns for various indices: Government Sec., Fixed Interest, Industrial Ordinary, Govt. 3 Month, Govt. 6 Month, Govt. 12 Month, P/E Ratio (ind. 1977), Dividend Yield, Equity turnover, Equity turnover (ind.), Equity turnover total.

HIGHS AND LOWS
Table with columns for High, Low, and S.E. Active. Lists various stock prices and their daily movements.

OPTIONS TRADED
Table with columns for DEALING DATES, First Last, Deal Declara, Ings don, Dec. 20 Jan. 10 Mar. 30 Apr. 11. Lists various option contracts.

NEW HIGHS AND LOWS FOR 1977
Table with columns for NEW HIGHS (37) and NEW LOWS (9). Lists various stock prices and their daily movements.

RISES AND FALLS YESTERDAY
Table with columns for British Funds, Corporate, Dom. and Foreign Bonds, Industrials, Financial and Prop., etc. Lists various stock prices and their daily movements.

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION
World Value of the Dollar
The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, December 14, 1977. These exchange rates have been compiled by Bank of America NT & SA's worldwide network of branches from various sources.

RECENT ISSUES
Table with columns for Issue Price, Amount, Latest, 1977, Stock, Closing Price, etc. Lists various stock issues.

FIXED INTEREST STOCKS
Table with columns for Issue Price, Amount, Latest, 1977, Stock, Closing Price, etc. Lists various fixed interest stocks.

"RIGHTS" OFFERS
Table with columns for Issue Price, Amount, Latest, 1977, Stock, Closing Price, etc. Lists various rights offers.

ACTIVE STOCKS
Table with columns for Stock, Denomina, No. of Closing, Change, 1977, 1977. Lists various active stocks.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

EQUITY GROUPS
Table with columns for Index No., Div. % Change, Est. Yield, Gross Div. Yield, etc. Lists various equity groups.

FIXED INTEREST PRICE INDICES
Table with columns for Index No., Div. % Change, Est. Yield, Gross Div. Yield, etc. Lists various fixed interest price indices.

Table with columns for Index No., Div. % Change, Est. Yield, Gross Div. Yield, etc. Lists various financial data.

Table with columns for Index No., Div. % Change, Est. Yield, Gross Div. Yield, etc. Lists various financial data.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Perpetual Unit Trust, Pionically Unit Trust, and others with their respective details and prices.

Table of Offshore and Overseas Funds listing international investment options like Fidelity Fund, Keybank Management Jersey Ltd, and others.

CLIVE INVESTMENTS LIMITED
Exchange Ave., London EC3V 3LU. Tel. 01-263 1101
Guide as at 6th December 1977 (Base: 100 at 14.1.77)

CORAL INDEX: Close 470.475

INSURANCE BASE RATES
Property Growth 8 1/2%
Canopy Assurance 4%

BASE LENDING RATES
Bank of Ireland 7 1/2%
Bank of Scotland 7 1/2%
Bank of Wales 7 1/2%

Table of Price Movements showing weekly, monthly, and quarterly price changes for various commodities and currencies.

INSURANCE, PROPERTY, BONDS

Large table of Insurance, Property, and Bonds listing various policies, companies, and financial details.

Table of Price Movements (continued) showing further price changes for various goods and services.

NOTES
Prices do not include 5% premium except where indicated & 2% are in force unless otherwise indicated.

HOTELS - Continued

FT SHARE INFORMATION SERVICE

DRIVERS JONAS
Chartered Surveyors
London · Aberdeen · Milan

**BRITISH FUNDS

Shorts (Lives up to Five Years)	Five to Fifteen Years	Over Fifteen Years
Investment Trusts	Investment Trusts	Investment Trusts
Income Funds	Income Funds	Income Funds
Growth Funds	Growth Funds	Growth Funds
Real Estate Funds	Real Estate Funds	Real Estate Funds
Global Funds	Global Funds	Global Funds
Specialist Funds	Specialist Funds	Specialist Funds

**INTERNATIONAL BANK

Bank Name	Stock Price	Change
Bank of America	45.12	+0.15
Bank of London	12.34	-0.10
Bank of Paris	18.56	+0.20
Bank of Rome	10.11	-0.05

COMMONWEALTH & AFRICAN LOANS

Loan Name	Rate	Term
London & West Africa	6.75%	10 years
East Africa	7.50%	15 years
South Africa	8.00%	20 years

LOANS

Loan Type	Rate	Amount
Public Board and Ind.	6.50%	£100,000
Financial	7.25%	£50,000
Industrial	8.00%	£200,000

FOREIGN BONDS & RAILS

Bond Name	Price	Yield
American Bond	105.12	6.50%
British Bond	112.34	7.00%
French Bond	118.56	7.50%
German Bond	125.11	8.00%
Railway Bond	132.34	8.50%

AMERICANS

Company Name	Price	Change
IBM	165.12	+1.50
GE	132.34	-0.50
AT&T	118.56	+0.20
Motorola	105.11	-0.15
Rockwell	92.34	+0.10

AMERICANS - Continued

Company Name	Price	Change
IBM	165.12	+1.50
GE	132.34	-0.50
AT&T	118.56	+0.20
Motorola	105.11	-0.15
Rockwell	92.34	+0.10

CANADIANS

Company Name	Price	Change
Canadian National	25.12	+0.20
Imperial Oil	35.34	-0.15
Bank of Montreal	45.56	+0.30
Bank of Toronto	55.11	-0.10
Canadian Pacific	65.34	+0.15

BANKS AND HIRE PURCHASE

Bank Name	Stock Price	Change
Bank of America	45.12	+0.15
Bank of London	12.34	-0.10
Bank of Paris	18.56	+0.20
Bank of Rome	10.11	-0.05
Bank of India	15.23	+0.10
Bank of China	20.34	-0.15

BEERS, WINES AND SPIRITS

Product Name	Price	Change
Beck's Beer	12.34	+0.10
Heinz Ketchup	18.56	-0.05
Coca-Cola	25.11	+0.20
Domestic Wine	32.34	-0.15
Imported Spirit	40.56	+0.10

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IBM	165.12	+1.50
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BUILDING INDUSTRY - Cont.

Company Name	Price	Change
British Steel	210.12	+2.50
British Cement	185.34	-1.50
British Lumber	160.56	+1.00
British Glass	135.11	-0.80
British Brick	110.34	+0.50

BUILDING INDUSTRY, TIMBER AND ROADS

Company Name	Price	Change
British Steel	210.12	+2.50
British Cement	185.34	-1.50
British Lumber	160.56	+1.00
British Glass	135.11	-0.80
British Brick	110.34	+0.50

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AT&T	118.56	+0.20
Motorola	105.11	-0.15
Rockwell	92.34	+0.10

DRAPERY AND STORES - Cont.

Company Name	Price	Change
Woolworths	15.12	+0.10
Debenhams	20.34	-0.15
Next	25.56	+0.20
Primark	30.11	-0.10
Debenhams	35.34	+0.15

DRAPERY AND STORES

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Woolworths	15.12	+0.10
Debenhams	20.34	-0.15
Next	25.56	+0.20
Primark	30.11	-0.10
Debenhams	35.34	+0.15

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IBM	165.12	+1.50
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IBM	165.12	+1.50
GE	132.34	-0.50
AT&T	118.56	+0.20
Motorola	105.11	-0.15
Rockwell	92.34	+0.10

AMERICANS

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IBM	165.12	+1.50
GE	132.34	-0.50
AT&T	118.56	+0.20
Motorola	105.11	-0.15
Rockwell	92.34	+0.10

ENGINEERING - Continued

Company Name	Price	Change
Rolls Royce	180.12	+2.00
British Aerospace	165.34	-1.50
BAE Systems	150.56	+1.00
Siemens	135.11	-0.80
General Electric	120.34	+0.50

ENGINEERING

Company Name	Price	Change
Rolls Royce	180.12	+2.00
British Aerospace	165.34	-1.50
BAE Systems	150.56	+1.00
Siemens	135.11	-0.80
General Electric	120.34	+0.50

AMERICANS

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IBM	165.12	+1.50
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AT&T	118.56	+0.20
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AT&T	118.56	+0.20
Motorola	105.11	-0.15
Rockwell	92.34	+0.10

INDUSTRIALS (Misc.)

Company Name	Price	Change
British Steel	210.12	+2.50
British Cement	185.34	-1.50
British Lumber	160.56	+1.00
British Glass	135.11	-0.80
British Brick	110.34	+0.50

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Jajirita

Firemen to meet employers Monday for talks

By Alan Pike, FIRE BRIGADES UNION leaders and local authority employers meet again on Monday in the next step on a long and difficult journey toward a negotiated settlement to the firemen's strike, now nearly five weeks old.

Alex Park to quit British Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. ALEX PARK, the former chief executive of British Leyland, is leaving the company in the New Year. His move comes within a month of the wide-ranging reshuffle of Leyland's top management, in which he was moved to the position of executive vice-chairman, reporting to Mr. Michael Edwardes, the new chairman.



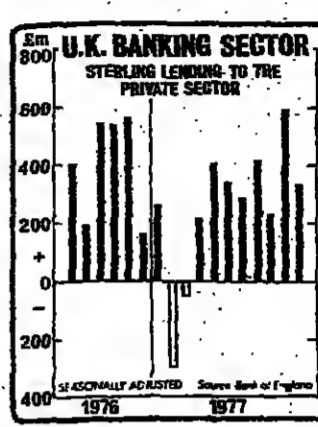
Mr. Alex Park—For our career...

Mr. Edwardes is expected to make announcements about the shape of the new Leyland management after these reviews. Mr. Park was paid nearly £50,000, including his director's fee. His job is being filled swiftly by Mr. David Andrews, head of Leyland International, who has been given a central role in looking at future product plans.

THE LEX COLUMN Distillers and the U.S. dock strike

The money supply scare appears to be over for the time being. Sterling M3 rose by only about 0.7 per cent in the banking month to mid-November, after seasonal adjustment, and it seems quite possible now that after the recent burst of funding the money supply could have slipped back into the target growth range by the December make-up day.

Index fell 1.9 to 472.1



couple of months of the financial year. At 116p the share has a slightly above average rating—the p/e is 8.3 on a 10% tax charge—but this looks to be justified by the good record, and the exposure to the diesel engine market, together with support from the 41 per cent of sales derived from replacement parts.

Export credits The Government can feel pleased with itself now that it has finally got the banks to agree to the new arrangements for sterling finance for export with credit terms of over 10 years. It has managed to persuade them to take a "substantially higher" proportion of sterling finance, or their balance sheet, which should save the pound some £200m. next year, and in return is only conceding an extra 1 per cent on the banks' measure of their net very-prudent short-term business.

Growth of money supply is almost on target

BY MICHAEL BLANDEN

THE growth of the money supply slowed last month after the sharp rises in the previous two months. As a result, in the first seven months of the current financial year, since mid-April, the sterling money stock on the wider definition (M3) has increased by some 1 per cent, equivalent to an annual growth rate of just under 13 per cent.

The figures published by the Bank of England for the period to November 15 sterling M3 rose by £298m, after seasonal adjustment. This was equivalent to an increase of 0.7 per cent. Domestic credit expansion, the main measure being monitored by the International Monetary Fund, continues to run well below the agreed ceiling of £7.7bn for the full year. Last month domestic credit rose by £292m, seasonally adjusted, bringing the increase in the first seven months of the financial year to £1.46bn.

Table: GROWTH OF THE MONETARY AGGREGATES (£m.) with columns for Money stock M1, Money stock M3, Bank lending, and Domestic credit expansion.

Japan's surpluses problem remains

By Jurck Martin, U.S. Editor

WASHINGTON, Dec. 15. THE U.S. and Japan remained far apart today on finding mutually acceptable ways of reducing Japanese surpluses and improving access for foreign goods in the Japanese domestic market.

After four days of talks, Mr. Robert Strauss, U.S. special trade representative, and Mr. Nobuhiko Ushiro, Japanese minister for External Economic Affairs, made little attempt to disguise the fact that differences still persisted, although both described the discussions as friendly and constructive.

Distillers

In the six months to September, Distillers has repeated the strong performance seen in the latter part of 1976-77, and interim profits are up from £53.2m. to £74.5m. pre-tax. The key lies in exports, and price increases.

Export sales to the U.S. by the whisky industry surged ahead by nearly a fifth in volume over the period, as importers rushed to beat the longshoremen's strike. Europe has been unexciting, but Distillers has been doing very well in some of its highly profitable premium markets, like Venezuela, and export prices to places other than the U.S. went up in January.

Assoc. Engineering

Associated Engineering has managed to steer clear of the unpleasant surprises which have dogged the engineering sector recently, and pre-tax profits of £32.5m, up 55 per cent, are in line with the forecast made as long ago as last January, ahead of the abortive Serck bid. This leap forward has been achieved without any overall help from volume—sales were just 14 per cent higher in money terms—and must largely reflect gains in productivity and reduced pressure from wage costs.

Mr. Justice Jupp yesterday dismissed a High Court application by Yorkshire, Kent and South Wales miners for a temporary injunction against local incentive schemes in the coal industry and ordered a full hearing of the case in open court on Tuesday. Sturz, Page 13

still expected an immediate pay increase above the Government's 10 per cent guidelines to end the strike. But with the Government standing firm, the executive has to consider whether eventually it must recall its conference on something less than this. There will be intense negotiations with the local authority employers to improve the phasing of the proposed new formula, either by reducing the two-year time-scale or making the first parity payment next November worth more than the second.

Continued from Page 1

Bundesbank

ated that the increase in existing compulsory reserve levels for foreign obligations held by the bank would snare up about DM1.3bn. The authorities hope that, from January 1, there will be no further growth, since any new deposits from abroad will have to be matched exactly by an increase in the receiving banks' statutory reserves levels with the Central Bank.

Wilson says U.K. can afford more overseas investment

BY MARGARET REID

SIR HAROLD WILSON stepped yesterday into the controversy over whether the Government should channel more capital abroad by saying that there was now a respectable argument for more investment overseas.

The committee, whose work may last into 1979, is considering the question of finance for industry, but will turn its attention in the first half of next year to questions on regulation and supervision of financial institutions and the part to be played by the public sector.

Pay rise angers chairmen

Continued from Page 1

association has been considering taking legal action over the absence of substantial rises in recent years. The problem stems from a report of the Government's independent review body on top salaries, headed by Lord Boyle, which in 1974 recommended substantial rises not only for the nationalised industries but also for other senior public servants in the armed forces, judiciary and Civil Service.

of wealth produced a report on top pay. By the time this report appeared, the current phases of pay policies had begun and nothing has been paid apart from last year's £208 limit. This has annoyed Lord Boyle and other members of his review body, which is now preparing a new report for publication next spring. It had been assumed that all the groups involved would then be dealt with together, although he made it clear that they expected exceptional treatment because of the ground they lost in 1974.

Jenkins told of 'closed shop' concern

THE EUROPEAN Economic Commission's questioning of the Bank of England over the alleged "closed shop" in the London foreign exchange market has led Sir Harold Wilson to express concern to Mr. Roy Jenkins, the Commission's President.

Mr. Jenkins said yesterday: "If it is suggested anybody can sell up in a foreign exchange market regardless of experience, that would raise very serious questions."

Weather

U.K. TODAY: Mostly dry, sunny spells. Anglia, Midlands, Channel Isles: Fog, sunny spells. Max 7-9C (45-48F).

BUSINESS CENTRES

Table showing business centres with columns for City, Day, and Year.

HOLIDAY RESORTS

Table showing holiday resorts with columns for City, Day, and Year.

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